Quarterly Results for FY2023

(Nine-month period ended December 31, 2023)

February 5, 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.

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1. Summary of FY2023 Q1-3 Results

- Profit for the period attributable to owners of the parent for Q1-3 totaled ¥404.1 bil.
- Overall in line with FY2023 annual forecasts (announced in Nov. 2023), and left FY2023 forecasts, including loss buffer of ¥-50.0 bil., and annual dividend unchanged.
- Carry out initiatives to maintain and further strengthen sound portfolio toward the end of FY2023.

Summary of FY2023 Q1-3 Results

	FY2023 Forecasts (announced in Feb. 2024) (A)	FY2023 Q1-3 Results (B)	Progress (B)/(A)
Profit for the year (attributable to owners of the parent)	**¥500.0 bil.**	**¥404.1 bil.**	**81%**
One-off profits/losses	¥0.0 bil.	¥44.0 bil.	-
Excluding one-off profits/losses	¥500.0 bil.	¥360.0 bil.	72%

Annual dividend (per share)	**¥125**	-	-

The Q1-3 results amounted to JPY404.1 billion.

This represents 81% progress toward the full-year forecast of JPY500 billion previously announced in November. The breakdown and results of one-off profits or losses are shown in the table below.

Excluding one-off items, the Q1-3 results amounted to JPY360 billion, 72% of the full-year forecast, but when looking at the full-year forecast, including the profit or loss expected in Q4, progress is in line with expectations.

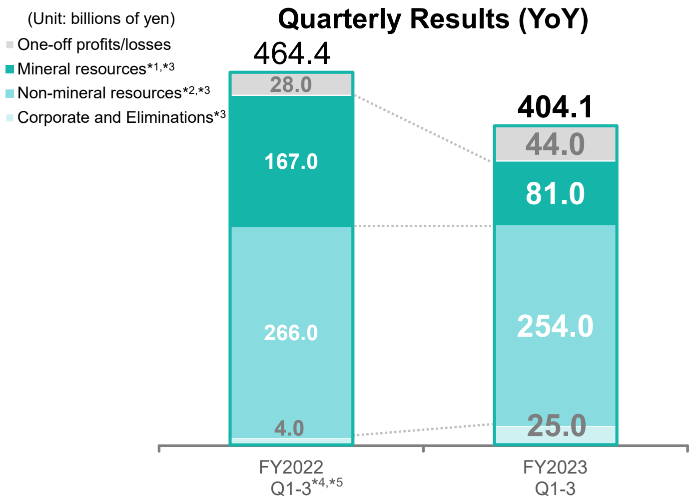
The buffer of minus JPY50 billion included in the full-year forecast for one-off gains and losses has been maintained, and the overall full-year forecast remains unchanged from that announced in November.

This fiscal year is the final year of our current medium-term management plan, SHIFT 2023, and we will steadily implement initiatives to maintain and further strengthen the soundness of our portfolio toward the end of the fiscal year.

The annual dividend forecast for FY2023 remains unchanged from JPY125 per share.

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

- Profit for the period attributable to owners of the parent for Q1-3 totaled ¥404.1 bil.
- Although ¥60.3 bil. decrease (-13%) compared to FY2022 Q1-3, non-mineral resources businesses remained strong.



Highlights

- Mineral resources (¥-86.0 bil.)
  Decline in mineral resources & energy prices
  Trade: absence of strong performance in FY2022 Q1-3
- Non-mineral resources (¥-12.0 bil.)
  Automotive sales & marketing・Construction & mining systems : strong
  Domestic electricity retail business: strong due to contract renewal and stable electricity procurement prices
  Real estate business: decline due to delivery of major projects in FY2022 Q1-3
  Agribusiness: market prices decline and absence of high demand in FY2022 Q1-3
- Major one-off profits/losses
  Receipt of insurance proceeds in aircraft leasing business
  Profit from the divestment of retail portfolio in tire sales & marketing business in the U.S.

(Reference) Average exchange rate (JPY/US$): FY2022 Q1-3 136.51
FY2023 Q1-3 143.33

*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 Due to reorganization carried out as of Apr. 1, 2023, the breakdown of FY2022 Q1-3 results, excl. one-off profits/losses are reclassified.
*5 The Company has applied IAS 12 “Income Taxes” (amended in May 2021) from the three-month period ended Jun. 30, 2023, and figures for the prior fiscal year are shown after retroactive application.

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I will explain the results for Q1-3 of the current fiscal year.

Cumulative Q3 results totaled JPY404.1 billion, a JPY60.3 billion decrease YoY.

The bar graphs in the materials show profit for the year broken down into one-off gains or losses and results excluding one-off gains or losses for the mineral resources businesses, non-mineral resources businesses, and elimination or corporate.

The mineral resources businesses recorded JPY81 billion, a decrease of JPY86 billion. This was due to the impact of lower mineral resources and energy prices, as well as a rebound from the robust performance of the trade business in the same period of the previous year.

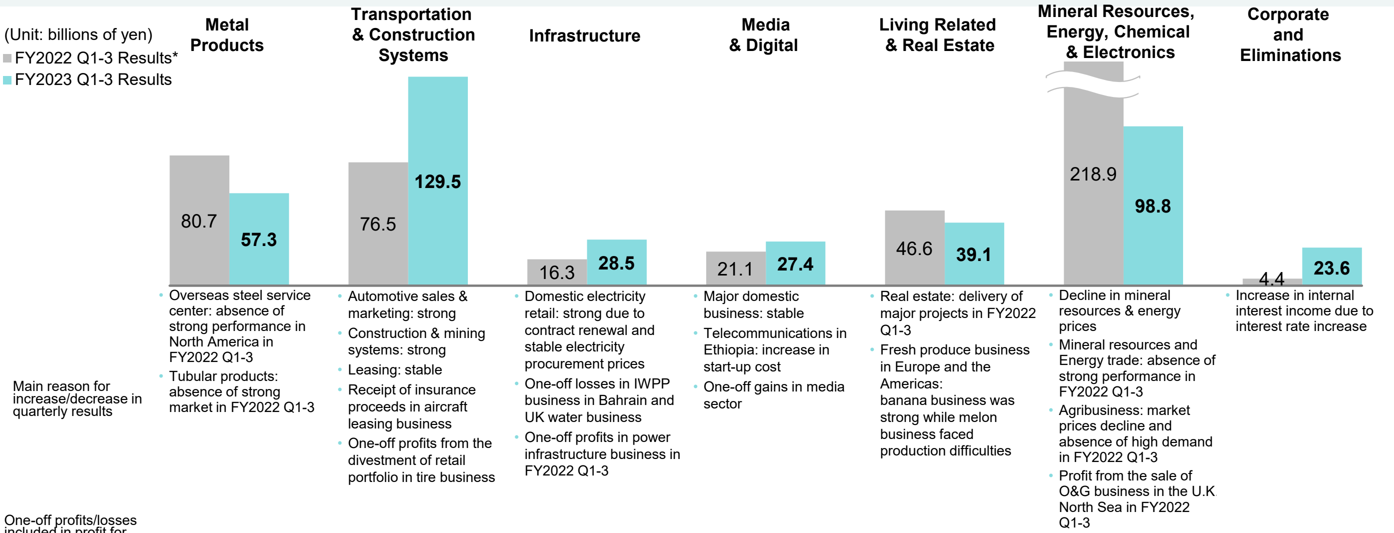
The non-mineral resources businesses reported a decline of JPY12 billion to JPY254 billion. The automotive distribution and sales business and the construction equipment business showed robust performance, while the domestic electric power retail business recovered due to contract renewals and stable power procurement prices.

On the other hand, the real estate business, which had delivered a large project in the same period of the previous year, is expected to concentrate its profits in Q4 of the current fiscal year due to the delivery of the project, and the agribusiness segment saw a decrease in profits due to a decline in market conditions and a reaction to strong demand YoY.

One-off gain and losses amounted to JPY44 billion for the nine months, mainly due to the recognition of a JPY33 billion gain on receipt of insurance proceeds in the aircraft leasing business in Q3 of this fiscal year.

3. Profit for the Period by Segment

- Profit increased in the following segments compared to FY2022 Q1-3: Transportation & Construction Systems, Infrastructure, Media & Digital.



	Metal Products		Transportation & Construction Systems		Infrastructure		Media & Digital		Living Related & Real Estate		Mineral Resources, Energy, Chemical & Electronics		Corporate and Eliminations	
One-off profits/losses included in profit for the period by segment	+3.0	+2.0	+3.0	+41.0	+6.0	-18.0	0.0	+9.0	0.0	+8.0	+15.0	+4.0	+1.0	-1.0

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

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

In Metal Products, for overseas steel service centers, earnings declined due to the absence of strong performance in the overseas steel service center business and the tubular products business in North America, both of which showed robust performance in the same period of the previous year.

In Transportation & Construction Systems, the automotive distribution and sales business and the construction equipment business showed robust performance, as well as one-off profits, resulting in a significant increase in profit.

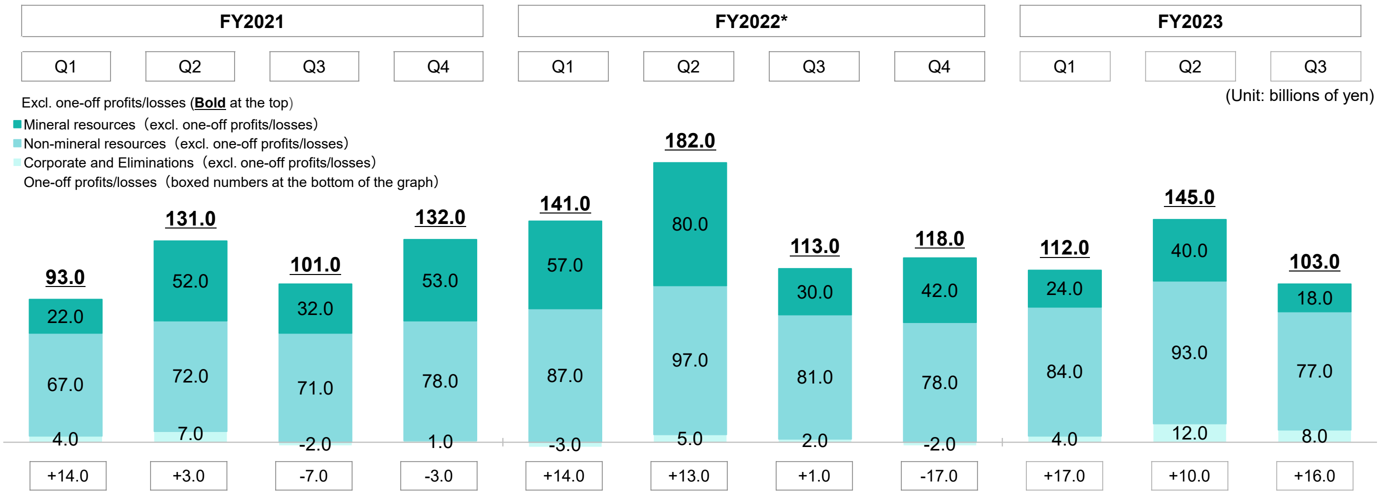
In Infrastructure earnings increased mainly due to a recovery in the domestic power retail business, despite one-off losses in the Bahrain power generation and in the UK water business.

In Media & Digital, while start-up costs increased in the Ethiopian telecommunications business, the domestic major group companies showed solid performance, and one-off profits in the media sector contributed to an increase in earnings.

Earnings in Living Related & Real Estate decreased due to a reactionary decline in the real estate business, and in Mineral Resources, Energy, Chemical & Electronics, earnings declined due to lower mineral resources and energy prices and lower market conditions in the agribusiness segment.

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

- In FY2023 Q4, plan to recognize earnings from iron ore business in South Africa for Mineral resources and expect increase in delivery of properties in real estate business for non-mineral resources.
  For FY2023 annual forecast, expect ¥500.0 bil. level as announced in Nov. 2023.



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

The bar graph shows quarterly changes in performance excluding one-off items.

The non-consolidated amount for Q3 was JPY103 billion.

In Q4 of the current fiscal year, we plan to recognize equity in earnings of the South African iron ore business in the mineral resources businesses, and in the non-mineral resources businesses, we plan to increase the delivery of projects in the real estate business, etc. For the full year, we expect to reach the JPY500 billion level.

5. Operating Results (Cash Flows)

- Free cash flow post-shareholder return (adjusted) for FY2023 Q1-3 was cash out of ¥48.6 bil.
- Cumulative results in SHIFT 2023: cash out of ¥95.2 bil. Expect the cash flow positive for 3-year total in SHIFT 2023.

(Unit: billions of yen)

	SHIFT 2023 3-year Total Revised Plan (May 2023)	SHIFT 2023 Results (Apr.2021-Dec.2023)	SHIFT 2023 FY2023 Q1-3 Results (Apr.2023-Dec.2023)
Basic profit cash flow*1	+1,270.0	+1,258.6	+389.8 (1)
Depreciation and amortization (After netting repayments of lease liabilities)	+320.0	+303.6	+89.4
Asset replacement	+600.0	+490.0	+100.0 (2)
Others	-580.0	-660.0	-80.0 (3)
Investment & loan (New investment & loan)	-1,140.0	-1,020.0	-370.0 (4)
Free cash flow (adjusted*2)	**+470.0**	**+375.3**	**+130.8**
Shareholder return	-470.0	-470.5	-179.4
Free cash flow (post-shareholder return)(adjusted*2)	**Ensure Positive**	**-95.2**	**-48.6**

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., etc.

3 Others
Increase in working capital, etc.

4 Investment & loan
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

Next, I will explain cash flow.

Cash flow after return to shareholders for Q1-3 of the current fiscal year, shown in green, was a net cash outflow of JPY48.6 billion. The main breakdown is as stated.

While SHIFT 2023's two-year and nine-month cumulative results show a cash outflow of JPY95.2 billion, SHIFT 2023 and the three-year total are expected to be positive.

6. Operating Results (Financial Position)

- Total assets increased to ¥10.7 trillions mainly due to yen's depreciation. (approx.¥+610.0 bil. compared to the end of Mar. 2023)

(Unit: billions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023	Increase/ Decrease
Current assets	4,873.0	5,044.3	+171.4
Non-current assets	5,232.4	5,674.9	+442.5
Total assets	**10,105.4**	**10,719.2**	**+613.9**
Other liabilities	2,976.7	2,970.9	-5.8
Interest-bearing liabilities*1	3,152.1 (2,484.4)	3,278.4 (2,633.2)	+126.3 (+148.7)
Total liabilities	**6,128.8**	**6,249.3**	**+120.5**
Shareholders' equity*2	3,778.7	4,250.0	+471.3
Total liabilities and equity	**10,105.4**	**10,719.2**	**+613.9**
D/E Ratio (Net)	**0.7**	**0.6**	**-0.1pt**
Exchange rate (JPY/US$)	133.53	141.83	+8.30

Highlights

Total assets +613.9 (10,719.2←10,105.4)

- Increase due to yen's depreciation (approx.¥+330.0 bil.)

Shareholders' equity +471.3 (4,250.0←3,778.7)

- Increase due to yen's depreciation (approx.¥+180.0 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.

This section describes the financial position of the Company.

Total assets increased JPY610 billion to JPY10,720 billion and shareholders' equity increased JPY470 billion to JPY4,250 billion from the end of the previous period, mainly due to the weaker yen. The net debt-to-equity ratio was 0.6 times.

7. Forecasts for FY2023 (Profit for the Year by Segment)

- Revised upward in Transportation & Construction Systems, Infrastructure, due to strong performance expected in Q4. Revised downward in Mineral Resources, Energy, Chemical & Electronics, taking into account Q1-3 results.

(Unit: billions of yen)	FY2023 Forecasts (Nov. 2023)	FY2023 Forecasts (Feb. 2024) (A)	FY2023 Q1-3 Results (B)	Progress (B)/(A)	Outlook for the Q4 by segment
Metal Products	76.0	76.0	57.3	75%	Although prolonged market inventory adjustment continues in tubular products business in North America, stable performance expected in steel sheets and tubular products in other areas
Transportation & Construction Systems	140.0	154.0	129.5	84%	Strong mainly in automotive sales & marketing business
Infrastructure	45.0	48.0	28.5	59%	Strong mainly in overseas IPP/IWPP business (include one-off losses in FY2023 Q1-3 results)
Media & Digital	36.0	36.0	27.4	76%	Major domestic businesses: overall in line with revised forecasts as of Nov. 2023
Living Related & Real Estate	58.0	60.0	39.1	65%	Real estate: delivery of properties as planned
Mineral Resources, Energy, Chemical & Electronics	164.0	141.0	98.8	70%	Mineral resources & Energy: nickel mining and refining project in Madagascar: production volume decrease, trading business: stable Chemical & Electronics: profit increase in agribusiness during demand season, while low market prices and weak demand continue across the segment
Corporate and Eliminations	-19.0	-15.0	23.6	-	Loss buffer of -50.0 included
Total	500.0	500.0	404.1	81%	

While the profit forecast for the current fiscal year remains unchanged at JPY500 billion, the following revisions have been made for each segment in light of the current situation.

The forecast for Transportation & Construction Systems was revised upward from JPY140 billion to JPY154 billion. We expect the business to continue robust performance, especially in the automotive distribution and sales business.

Infrastructure has been revised upward from JPY45 billion to JPY48 billion. Although the progress rate is only 59% due to the recognition of a one-off losses in Q3 of the current fiscal year, we expect robust performance, especially in the overseas IPP/IWPP business.

Living Related & Real Estate business was revised upward from JPY58 billion to JPY60 billion. Toward the end of the fiscal year, we expect to deliver projects as planned in the real estate business.

Mineral Resources, Energy, Chemical & Electronics segment was revised downward from JPY164 billion to JPY141 billion. In mineral resources and energy, in the Madagascar nickel business, we expect current nickel prices to be low and production to be sluggish, but in addition to firm iron ore and coal market prices, we also expect the trade business to remain solid.

Chemicals & Electronics segment has been revised downward in light of low progress through Q3 due to sluggish market conditions and demand and unfavorable weather in the agribusiness segment, but we expect an increase in revenues in Q4 in the agribusiness segment during the demand period.

For the other two segments, Metal products and Media & Digital, the forecast remains unchanged as there has been no significant change in the segment as a whole since the previous announcement in November.

In addition, a buffer of JPY50 billion, which was set at the time of the November announcement, continues to be included in eliminations and corporate. Individual projects and amounts remain under scrutiny. Toward the end of the fiscal year, we will maintain the soundness of the portfolio and steadily implement initiatives to further strengthen it. [END]