20241025039947

Aimo Park Sweden AB

Org nr 556553-5548

Årsredovisning för räkenskapsåret 2023-04-01 – 2024-03-31

Styrelsen och verkställande direktören för Aimo Park Sweden AB upprättar härmed följande årsredovisning.

Innehåll	Sida
Förvaltningsberättelse	2
Resultaträkning	5
Balansräkning	6
Kassaflödesanalys	8
Noter	9
Underskrifter	26

Fastställelseintyg

Undertecknad styrelseledamot i Aimo Park Sweden AB intygar härmed dels att denna kopia av årsredovisning och revisionsberättelse överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2024-09-30. Stämman beslutade också att godkänna styrelsens förslag till resultatdisposition.

Stockholm 2024-10-16

Felix Fuchs

Styrelseledamot, verkställande direktör

20241025039948

Aimo Park Sweden AB

Org nr 556553-5548

Årsredovisning för räkenskapsåret 2023-04-01 – 2024-03-31

Styrelsen och verkställande direktören för Aimo Park Sweden AB upprättar härmed följande årsredovisning.

Innehåll	Sida
Förvaltningsberättelse	2
Resultaträkning	5
Balansräkning	6
Kassaflödesanalys	8
Noter	9
Underskrifter	26

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039 49

ID:569cb740-79b4-11ef-add3-6 19b2ade584c Status: Signerat av alla

Aimo Park Sweden AB

Org nr 556553-5548

Förvaltningsberättelse

Information om verksamheten

Aimo Park Sweden AB med organisationsnummer 556553-5548 är ett aktiebolag registrerat i Sverige med säte i Stockholm. Adressen till huvudkontoret är Förmansvägen 11, 117 43 Stockholm.

Bolagets verksamhet är att bedriva parkeringsrörelse och därmed förenlig verksamhet samt att utföra koncerngemensamma tjänster.
Parkeringsverksamheten bedrivs på hyrd mark, i hyrda parkeringsanläggningar eller på uppdrag av fastighetsägare. Bolagets intäkter består i huvudsak av avgifter för korttidsparkering, uthyrning av parkeringsplatser och kontrollavgifter. Bolagets redovisningsvaluta är SEK.

Flerårsjämförelse

Bolagets ekonomiska utveckling i sammandrag.

Mkr	Not	2023/2024	2022/2023	2021/2022	2020/2021	2019 15 mån
Nettoomsättning		1 412	1 364	1 200	1 036	1 571
Rörelseresultat		-51	-9	0	-40	130
Resultat efter finansiella poster		-87	-12	-2	-41	131
Balansomslutning		1 241	1 061	822	837	418
Soliditet	30	40%	31%	42%	45%	34%
Medelantal anställda	6, 30	331	329	355	361	352

Väsentliga händelser under räkenskapsåret

Nettoomsättningen ökade från föregående år och drivs främst av intäkter från korttidsparkering samt övriga intäkter, främst från digitala tjänster. Efterfrågan på abonnemangsprodukter fortsatte också att öka under året. Fortsatt utveckling av bolagets ny IT-landskap (som driftsattes januari 2023) har prioriterats under året och så även digitaliseringar av vårt kunderbjudande. Årets rörelseresultat har belastats av kostnader kopplade till vidareutveckling och anpassningar av systemprojektet samt av kostnader för uppbyggnad av koncerngemensamma funktioner, vilka planeras att överföras till moderbolaget Aimo Holding AB under nästa räkenskapsår. I februari genomfördes ett skifte av koncern-VD där styrelsemedlem från Aimo Holding AB har tillträtt rollen.

20241025039S0

Aimo Park Sweden AB

Org nr 556553-5548

Framtida utveckling

Bolaget har genom sin ledande ställning på marknaden och geografiska spridning i Sverige samt strategiskt belägna anläggningar i tillväxtregioner såsom Stockholm och Mälardalen goda framtidsutsikter. Under räkenskapsåret 23/24 har vi sett de största tillväxttalen i regionerna Nord och Syd.

I takt med att landets kommuner alltmer fokuserar på förbättrad och utökad infrastruktur, där parkering är ett naturligt inslag, bedöms marknaden att växa, speciellt i de kommuner där drift och skötsel läggs ut på privata aktörer. I Sverige råder idag brist på bostäder och yteffektiva lokaler. Mot bakgrund av ovan och den pågående urbaniseringen finns ett behov hos både kommunala och privata fastighetsbolag att långsiktigt öka takten vad gäller nybyggnation. Förtätningen i tillväxtregioner kommer således att öka. Sammantaget kräver detta fler parkeringslösningar såväl ovan som under mark. Aimo Park ser här en möjlighet att i detta skede att fortsätta utvecklingen av mobilitetstjänster kopplande till parkeringsverksamheten.

Med starka ägare i Sumitomo Corporation, tillsammans med dotterbolaget Aimo Solution AB, ser bolaget möjligheter att utveckla och lansera nya smarta tjänster och lösningar kopplade till parkering, elbilsladdning och mobilitet.

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

Väsentliga risker och osäkerhetsfaktorer

Ledningens bedömning är att bolaget inte har några specifika finansiella risker. Däremot finns det politiska risker som i allmänhet begränsar bilanvändning och i synnerhet är kopplade till införande av biltullar samt miljözoner. Aimo Park bevakar kontinuerligt dessa risker.

Hållbarhetsupplysning

Bolaget följer kollektivavtal och arbetsmiljöregler för samtliga anställda samt är en del av ägarbolagets Sumitomo Corporations hållbarhetsrapportering.

Hållbarhetsrapport

Företaget upprättar enligt 7 kap 31 a§ ÅRL inte någon lagstadgad hållbarhetsrapport. Moderföretaget Sumitomo Corporation, org.nr 0100-01-008692, Tokyo, Japan, upprättar hållbarhetsrapport för koncernen där företaget ingår. Koncernens hållbarhetsrapport finns tillgänglig på www.sumitomocorp.com.

Ägarförhållanden

Aimo Park Sweden AB är ett helägt dotterbolag till Aimo Holding AB, org nr 559208-5475, Stockholm. Yttersta moderbolag i koncernen är Sumitomo Corporation, org nr 0100-01-008692, Tokyo, Japan.

20241025035951

Aimo Park Sweden AB

Org nr 556553-5548

Eget kapital

Tkr	Aktie-kapital	Fond för utvecklings-utgifter	Reserv-fond	Balanserat resultat	Årets resultat	Totalt
Ingående balans 1/4 2022	**10 000**	**84 187**	**2 000**	**276 546**	**-24 434**	**348 299**
Aktivering av utvecklingsutgifter		78 666		-78 666		0
Upplösning till följd av årets avskrivningar på utvecklingsutgifter		-7 949		7 949		0
Beslutat enligt årsstämma				-24 434	24 434	0
Årets resultat					-22 236	-22 236
Utgående balans 31/03 2023	**10 000**	**154 904**	**2 000**	**181 395**	**-22 236**	**326 063**
Ingående balans 1/4 2023	**10 000**	**154 904**	**2 000**	**181 395**	**-22 236**	**326 063**
Aktivering av utvecklingsutgifter		74 830		-74 830		0
Upplösning till följd av årets avskrivningar på utvecklingsutgifter		-25 213		25 213		0
Beslutat enligt årsstämma				-22 236	22 236	0
Erhållna aktieägartillskott				150 000		150 000
Fusionsdifferens				509		509
Årets resultat					19 300	19 300
Utgående balans 31/03 2024	**10 000**	**204 520**	**2 000**	**260 052**	**19 300**	**495 873**

Förslag till vinstdisposition

Till årsstämmans förfogande står följande vinstmedel:

Balanserat resultat	260 052 171
Årets resultat	19 300 013
Kronor	279 352 184

Styrelsen föreslår att vinstmedlen disponeras så att

I ny räkning överförs	279 352 184
Kronor	279 352 184

Bolagets resultat och ställning framgår av följande resultat- och balansräkning, kassaflödesanalys samt tillhörande noter. Om inte särskilt anges, redovisas alla belopp i tusental svenska kronor. Uppgifter inom parentes avser föregående år.

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025035952

Aimo Park Sweden AB

Org nr 556553-5548

Resultaträkning

	Not	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Nettoomsättning	4	1 412 387	1 364 089
Kostnad för sålda varor	4,6,7,8	-1 258 078	-1 224 682
Bruttoresultat		**154 309**	**139 407**
Administrationsomkostnader	4,6,7,8,9	-208 950	-158 025
Övriga rörelseintäkter	5	11 366	11 915
Övriga rörelsekostnader		-7 980	-2 404
Rörelseresultat		**-51 255**	**-9 107**
Resultat från finansiella poster			
Resultat från övriga värdepapper och långfristiga fordringar	10	0	379
Nedskrivningar av finansiella anläggningstillgångar och kortfristiga placeringar	11	-28 824	0
Ränteintäkter och liknande resultatposter	12	10 939	3 315
Räntekostnader och liknande resultatposter	13	-18 108	-6 468
Resultat efter finansiella poster		**-87 250**	**-11 881**
Bokslutsdispositioner	14		
Koncernbidrag, erhållet		753	0
Koncernbidrag, lämnade		0	-16 157
Resultat före skatt		**-86 497**	**-28 038**
Skatt på årets resultat	15	105 797	5 802
Årets resultat		**19 300**	**-22 236**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039953

Aimo Park Sweden AB

Org nr 556553-5548

Balansräkning

	Not	2024-03-31	2023-03-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar	16		
Balanserade utgifter för utvecklingsarbeten och liknande arbeten		508 510	441 743
Hyresrätter och liknande rättigheter		188	0
		508 698	**441 743**
Materiella anläggningstillgångar	17		
Inventarier, verktyg och installationer		75 912	93 494
		75 912	**93 494**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	18,19	149 276	65 841
Andra långfristiga fordringar	20	4 501	3 018
Uppskjuten skattefordran		123 701	17 905
		277 478	**86 764**
Summa anläggningstillgångar		**862 088**	**622 001**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		75 649	49 751
Fordringar hos koncernföretag	21	21 825	57 600
Övriga fordringar		25 856	24 491
Förutbetalda kostnader och upplupna intäkter	22	100 308	92 709
		223 638	**224 551**
Kassa och bank		**155 010**	**214 128**
Summa omsättningstillgångar		**378 648**	**438 679**
Summa tillgångar		**1 240 736**	**1 060 680**

ID:569cb740-79b4-11ef-add3-6 Status: Signerat av alla 19b2ade584c

20241025039954

Aimo Park Sweden AB

Org nr 556553-5548

Balansräkning, forts

	Not	2024-03-31	2023-03-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		10 000	10 000
Reservfond		2 000	2 000
Fond för utvecklingsutgifter		204 520	154 904
		216 520	**166 904**
Fritt eget kapital	29		
Balanserat resultat		260 052	181 395
Årets resultat		19 300	-22 236
		279 352	**159 159**
Summa eget kapital		**495 873**	**326 063**
Avsättningar			
Övriga pensioner och liknande förpliktelser		4 661	2 750
Övriga avsättningar	23	13 310	13 941
Summa avsättningar		**17 971**	**16 691**
Långfristiga skulder			
Övriga långfristiga skulder		1 844	1 552
Summa långfristiga skulder		**1 844**	**1 552**
Kortfristiga skulder			
Leverantörsskulder		210 896	210 023
Skulder till koncernföretag	26	379 235	361 530
Övriga skulder		15 796	14 746
Skatteskulder		496	833
Upplupna kostnader och förutbetalda intäkter	27	118 626	129 242
Summa kortfristiga skulder		**725 049**	**716 374**
Summa eget kapital och skulder		**1 240 736**	**1 060 680**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039555

Aimo Park Sweden AB

Org nr 556553-5548

Kassaflödesanalys

	Not	2023/2024	2022/2023
Den löpande verksamheten			
Rörelseresultat		-51 255	-9 107
Justering för poster som inte ingår i kassaflödet			
Avskrivningar och nedskrivningar	16,17	89 985	46 253
Realisationsresultat materiella anläggningstillgångar	17	20	227
Resultat från övriga värdepapper och långfristiga fordringar	10	0	379
Övriga ej likviditetspåverkande poster		-998	-4 561
		37 751	33 191
Erhållen ränta		9 722	2 842
Erlagd ränta		-15 812	-4 409
Betald inkomstskatt		0	-608
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**31 661**	**31 016**
Kassaflöde från förändringar i rörelsekapital			
Förändring av kortfristiga fordringar		297	65 447
Förändring av kortfristiga skulder		35 048	49 861
Kassaflöde från den löpande verksamheten		**67 007**	**146 324**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar	16	-121 151	-157 545
Förvärv av materiella anläggningstillgångar	17	-14 205	-26 705
Förvärv av finansiella tillgångar		72	-60 161
Lämnade aktieägartillskott		-150 000	0
Försäljning av materiella anläggningstillgångar		245	30
Kassaflöde från investeringsverksamheten		**-285 039**	**-244 381**
Finansieringsverksamheten			
Upptagna lån		0	200 000
Lämnat koncernbidrag		-157	-16 218
Erhållna aktieägartillskott		150 000	0
Likvida medel erhållna vid fusion		10 068	0
Kursdifferenser		-998	-1 409
Kassaflöde från finansieringsverksamheten		**158 913**	**182 373**
Förändring av likvida medel		-59 118	84 316
Likvida medel vid årets början		**214 128**	**129 812**
Likvida medel vid årets slut	**28**	**155 010**	**214 128**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039S6

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

Aimo Park Sweden AB

Org nr 556553-5548

Noter

Not 1 Allmän information

Aimo Park Sweden AB är ett helägt dotterbolag till Aimo Holding AB, org nr 559208-5475, Stockholm. Yttersta ägare är Sumitomo Corporation, org.nr 0100-01-008692, Tokyo, Japan.

Koncernredovisning har inte upprättats med hänvisning till Årsredovisningslagen (1995:1554) 7 kap 2. Koncernredovisning upprättas av Sumitomo Corporation, org.nr 0100-01-008692, Tokyo, Japan.

Not 2 Redovisnings- och värderingsprinciper

Allmän information

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning ("K3").

Värderingsprinciper

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges.

Intäkter

Intäkter har upptagits till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt. Aimo Park Sweden AB´s intäkter består i huvudsak av intäkter från abonnemangskunder samt korttidsintäkter från betalautomater och de redovisas i den period parkeringen gäller.

Utdelning och ränteintäkter

Utdelningsintäkter redovisas när ägarens rätt att erhålla betalning har fastställts.

Ränteintäkter redovisas fördelat över löptiden med tillämpning av effektivräntemetoden. Effektivräntan är den ränta som gör att nuvärdet av alla framtida in- och utbetalningar under räntebindningstiden blir lika med det redovisade värdet av fordran.

Leasingavtal

Ett finansiellt leasingavtal är ett avtal enligt vilket de ekonomiska risker och fördelar som förknippas med ägandet av en tillgång i allt väsentligt överförs från leasegivaren till leasetagaren. Övriga leasingavtal klassificeras som operationella leasingavtal. Samtliga leasingavtal redovisas enligt reglerna för operationell leasing.

Leasetagare
Leasingavgifter vid operationella leasingavtal kostnadsförs linjärt över leasingperioden, såvida inte ett annat systematiskt sätt bättre återspeglar användarens ekonomiska nytta över tiden.

20241025039S7

Ersättningar till anställda

Ersättning till anställda avser alla former av ersättning som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse eller en tillförlitlig uppskattning av beloppet kan göras. Det finns inga övriga långfristiga ersättningar till anställda.

Ersättningar till anställda efter avslutad anställning
Planer för ersättningar efter avslutad anställning klassificeras som antingen avgiftsbestämda eller förmånsbestämda. Vid avgiftsbestämda planer betalas fastställda avgifter till ett annat företag, normalt ett försäkringsföretag, och företaget har inte längre någon förpliktelse till den anställde när avgiften är betald. Storleken på den anställdes ersättningar efter avslutad anställning är beroende av de avgifter som har betalats och den kapitalavkastning som avgifterna ger. Vid förmånsbestämda planer har företaget en förpliktelse att lämna de överenskomna ersättningarna till nuvarande och tidigare anställda. Företaget bär i allt väsentligt dels risken att ersättningarna kommer att bli högre än förväntat (aktuariell risk), dels risken att avkastningen på tillgångarna avviker från förväntningarna (investeringsrisk). Investeringsrisk föreligger även om tillgångarna är överförda till ett annat företag.

För avgiftsbestämda planer betalar företaget fastställda avgifter till en separat oberoende juridisk enhet och har ingen förpliktelse att betala ytterligare avgifter. Företagets resultat belastas för kostnader i takt med att förmånerna intjänas vilket normalt sammanfaller med tidpunkten för när premier erläggs.

I de fall pensionsförpliktelserna är uteslutande beroende av värdet på en ägd tillgång redovisas pensionsförpliktelsen som en avsättning motsvarande tillgångens redovisade värde.

Koncernbidrag

Erhållna och lämnade koncernbidrag redovisas som bokslutsdisposition i resultaträkningen.

Inkomstskatter

Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt
Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas

ID:569cb740-79b4-11ef-add3-61 Status: Signerat av alla 9b2ade584c

20241025039S8

enligt den s.k. balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott.
Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.
Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.
Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

Immateriella tillgångar

Företaget tillämpar aktiveringsmodellen vilket innebär att arbetet med att ta fram en internt upparbetad immateriell anläggningstillgång delas upp i en forskningsfas och en utvecklingsfas. Samtliga utgifter som härrör från företagets forskningsfas redovisas som kostnad när de uppkommer. Samtliga utgifter för utveckling redovisas som en tillgång om samtliga följande villkor är uppfyllda:
- det är tekniskt möjligt att färdigställa den immateriella anläggningstillgången så att den kan användas eller säljas,
- företaget avsikt är att färdigställa den immateriella anläggningstillgången och att använda eller sälja den,
- det finns förutsättningar för att använda eller sälja den immateriella anläggningstillgången,
- det är sannolikt att den immateriella anläggningstillgången kommer att generera framtida ekonomiska fördelar,
- det finns erforderliga och adekvata tekniska, ekonomiska och andra resurser för att fullfölja utvecklingen och för att använda eller sälja den immateriella anläggningstillgången, och
- de utgifter som är hänförliga till den immateriella anläggningstillgången under dess utveckling kan beräknas tillförlitligt.

Efter första redovisningstillfället redovisas internt upparbetade immateriella anläggningstillgångar till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella ackumulerade nedskrivningar. Avskrivning påbörjas när tillgången kan användas. Aktiverade utgifter skrivs av linjärt över sin bedömda nyttjandeperiod.
Avskrivningstiden för immateriella tillgångar i Aimo Park Sweden AB är som följer;

Balanserade utgifter för utvecklingsarbeten och liknande arbeten	5-10 år
Balanserade utgifter programvaror	3-10 år

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039S9

Hyresrätter och liknande rättigheter	5-7 år

Borttagande från balansräkningen
En immateriell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången. Den vinst eller förlust som uppkommer när en immateriell anläggningstillgång tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Detta redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella nedskrivningar.

Anskaffningsvärdet består av inköpspriset och utgifter som är direkt hänförliga till förvärvet för att bringa den på plats och i skick att användas. Tillkommande utgifter inkluderas endast i tillgången eller redovisas som en separat tillgång, när det är sannolikt att framtida ekonomiska fördelar som är förknippade med posten kommer att tillfalla företaget och att anskaffningsvärdet för densamma kan mätas på ett tillförlitligt sätt. Alla övriga kostnader för reparationer och underhåll samt tillkommande utgifter redovisas i resultaträkningen i den period då de uppkommer.

Då skillnaden i förbrukningen av en materiell anläggningstillgångs betydande komponenter bedöms vara väsentlig, delas tillgången upp på dessa komponenter.

Avskrivningar på materiella anläggningstillgångar kostnadsförs så att tillgångens anskaffningsvärde, eventuellt minskat med beräknat restvärde vid nyttjandeperiodens slut, skrivs av linjärt över dess bedömda nyttjandeperiod. Om en tillgång har delats upp på olika komponenter skrivs respektive komponent av separat över dess nyttjandeperiod. Avskrivning påbörjas är den materiella anläggningstillgången kan tas i bruk. Materiella anläggningstillgångars nyttjandeperioder uppskattas till:

Inventarier, verktyg och installationer	3-10 år

Borttagande från balansräkningen
Bedömda nyttjandeperioder och avskrivningsmetoder omprövas om det finns indikationer på att förväntad förbrukning har förändrats väsentligt jämfört med uppskattningen vid föregående balansdag. Då företaget ändrar bedömning av nyttjandeperioder, omprövas även tillgångens eventuella restvärde. Effekten av dessa ändringar redovisas i aktuell period.
Det redovisade värdet för en materiell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring, eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången eller komponenten. Den vinst eller förlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Den realisationsvinst eller realisationsförlust som uppkommer när en materiell anläggningstillgång eller en

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039 60

komponent tas bort från balansräkningen redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad.

Nedskrivningar av materiella anläggningstillgångar och immateriella anläggningstillgångar

Vid varje balansdag analyserar företaget de redovisade värdena för materiella anläggningstillgångar och immateriella tillgångar för att fastställa om det finns någon indikation på att dessa tillgångar har minskat i värde. Om så är fallet, beräknas tillgångens återvinningsvärde för att kunna fastställa värdet av en eventuell nedskrivning. Där det inte är möjligt att beräkna återvinningsvärdet för en enskild tillgång, beräknas återvinningsvärdet för den kassagenererande enhet till vilken tillgången hör.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärdet. Verkligt värde med avdrag för försäljningskostnader är det pris som företaget beräknar kunna erhålla vid en försäljning mellan kunniga, av varandra oberoende parter, och som har ett intresse av att transaktionen genomförs, med avdrag för sådana kostnader som är direkt hänförliga till försäljningen. Vid beräkning av nyttjandevärde diskonteras uppskattat framtida kassaflöde till nuvärde med en diskonteringsränta före skatt som återspeglar aktuell marknadsbedömning av pengars tidsvärde och de risker som förknippas med tillgången. För att beräkna de framtida kassaflödena har företaget använt budget och prognoser för de kommande fem åren.

Om återvinningsvärdet för en tillgång (eller kassagenererande enhet) fastställs till ett lägre värde än det redovisade värdet, skrivs det redovisade värdet på tillgången (eller den kassagenererande enheten) ned till återvinningsvärdet. En nedskrivning ska omedelbart kostnadsföras i resultaträkningen.

Vid varje balansdag gör företaget en bedömning om den tidigare nedskrivningen inte längre är motiverad. Om så är fallet återförs nedskrivningen delvis eller helt. Då en nedskrivning återförs, ökar tillgångens (den kassagenererande enhetens) redovisade värde. Det redovisade värdet efter återföring av nedskrivning får inte överskrida det redovisade värde som skulle fastställts om ingen nedskrivning gjorts av tillgången (den kassagenererande enheten) under tidigare år. En återföring av en nedskrivning redovisas direkt i resultaträkningen.

Andelar i koncernföretag

Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Finansiella instrument

En finansiell tillgång eller finansiell skuld redovisas i enlighet med kapitel 11 i BFNAR 2012:1 i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld, bokas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller på annat sätt upphör.

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

Vid det första redovisningstillfället värderas omsättningstillgångar och kortfristiga skulder till anskaffningsvärde. Långfristiga fordringar samt långfristiga skulder värderas vid det första redovisningstillfället till upplupet anskaffningsvärde. Låneutgifter periodiseras som en del i lånets räntekostnad enligt effektivräntemetoden (se nedan).

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp. Långfristiga fordringar och långfristiga skulder värderas efter det första redovisningstillfället till upplupet anskaffningsvärde.

Värdering av finansiell skulder
Finansiella skulder värderas till upplupet anskaffningsvärde. Utgifter som är direkt hänförliga till

upptagande av lån korrigerar lånets anskaffningsvärde och periodiseras enligt effektivräntemetoden.

Derivatinstrument med negativt värde och för vilka säkringsredovisning inte tillämpats redovisas som finansiella skulder och värderas till det belopp som för företaget är mest förmånligt om förpliktelsen regleras eller överlåts på balansdagen.

Nedskrivningar av finansiella anläggningstillgångar
Vid varje balansdag utvärderar företaget om det finns indikationer på att en eller flera finansiella anläggningstillgångar minskat i värde. Exempel på sådana indikationer är betydande finansiella svårigheter hos låntagaren, avtalsbrott eller att det är sannolikt att låntagaren kommer att gå i konkurs.

För finansiella anläggningstillgångar som värderas till upplupet anskaffningsvärde beräknas nedskrivningen som skillnaden mellan tillgångens redovisade värde och nuvärdet av företagsledningens bästa uppskattning av framtida kassaflöden. Diskontering sker med en ränta som motsvarar tillgångens ursprungliga effektivränta. För tillgångar med rörlig ränta används den på balansdagen aktuella räntan.

För finansiella anläggningstillgångar som inte värderas till upplupet anskaffningsvärde beräknas nedskrivningen som skillnaden mellan tillgångens redovisade värde och det högsta av verkligt värde med avdrag för försäljningskostnader och nuvärdet av företagsledningens bästa uppskattning av de framtida kassaflödena tillgången förväntas ge.

Likvida medel

Likvida medel inkluderar kassamedel och disponibla tillgodohavanden hos banker och andra kreditinstitut samt andra kortfristiga likvida placeringar som lätt kan omvandlas till kontanter och är föremål för en obetydlig risk för värdefluktuationer. För att klassificeras som likvida medel får löptiden inte överskrida tre månader från tidpunkten för förvärvet.

20241025039961
ID:569cb740-79b4-11ef-add3-6 Status: Signerat av alla 19b2ade584c

20241025039962

Avsättningar

Avsättningar redovisas när företaget har en befintlig förpliktelse (legal eller informell) som en följd av en inträffad händelse, det är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppet kan göras.

En avsättning omprövas varje balansdag och justeras så att den återspeglar den bästa uppskattningen av det belopp som krävs för att reglera den befintliga förpliktelsen på balansdagen, med hänsyn tagen till risker och osäkerheter förknippade med förpliktelsen. När en avsättning beräknas genom att uppskatta de utbetalningar som förväntas krävas för att reglera förpliktelsen, motsvarar det redovisade värdet nuvärdet av dessa utbetalningar.

Där en del av eller hela det belopp som krävs för att reglera en avsättning förväntas bli ersatt av en tredje part, ska gottgörelsen särredovisas som en tillgång i balansräkningen när det är så gott som säkert att den kommer att erhållas om företaget reglerar förpliktelsen och beloppet kan beräknas tillförlitligt.
Förlustkontrakt
En avsättning för förlustkontrakt redovisas då de oundvikliga utgifterna för att uppfylla kontraktet överstiger de förväntade ekonomiska fördelarna.

Aktieägartillskott

Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Aktieägartillskott som en ägare erhåller redovisas direkt i eget kapital.

Eventualförpliktelser

En eventualförpliktelse är en möjlig förpliktelse till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av att en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir, eller en befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet. Eventualförpliktelser redovisas i not.

Kassaflödesanalys

Kassaflödesanalysen visar företagets förändringar av likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

Fordringar

Fordringar upptas till det lägsta av anskaffningsvärdet och det belopp varmed de beräknas inflyta.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländska valuta har omräknats till balansdagens kurs.

ID:569cb740-79b4-11ef-add3-6 Status: Signerat av alla 19b2ade584c

Not 3 Viktiga uppskattningar och bedömningar

För att kunna upprätta årsredovisning enligt K3 måste företagsledningen göra bedömningar och antaganden som påverkar redovisade tillgångar, skulder, intäkter och kostnader. Dessa bedömningar baseras på såväl historiska erfarenheter som andra faktorer som bedöms som rimliga under rådande omständigheter. Faktiskt utfall kan skilja sig från dessa bedömningar om andra antaganden görs eller andra förutsättningar föreligger. Bedömningar och antaganden ses över regelbundet. Ändringar av bedömningar redovisas i den period ändringen görs om ändringen endast påverkar denna period, eller den period ändringen görs och framtida perioder om ändringen påverkar både aktuell period och framtida perioder. Vid upprättandet av denna årsredovisning har bolaget inte identifierat några väsentliga bedömningar och uppskattningar som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under kommande räkenskapsår.

Not 4 Försäljning och inköp mellan koncernföretag

Av bolagets nettoomsättning utgörs 10 854 (8 239) av försäljning till koncernföretag. Av bolagets inköp utgörs 26 834 (23 462) av inköp från koncernföretag.

Not 5 Exceptionella intäkter och kostnader

	2024-03-31	2023-03-31
Afa sjukförsäkring konsolideringsmedel inom AGS-försäkring	0	420
Elstöd	1 719	0
Summa	**1 719**	**420**

20241025039G3
ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039964

ID:569cb740-79b4-11ef-add3-61 Status: Signerat av alla 9b2ade584c

Aimo Park Sweden AB

Org nr 556553-5548

Not 6 Antal anställda

Medelantal anställda	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Kvinnor	116	115
Män	215	214
Summa	**331**	**329**

Fördelning ledande befattningshavare

Styrelse:		
Kvinnor	-	-
Män	4	4
Summa	**4**	**4**
Företagsledning:		
Kvinnor	1	1
Män	8	8
Summa	**9**	**9**

Not 7 Löner, andra ersättningar och sociala kostnader

Löner och ersättningar	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Styrelse och verkställande direktör	7 916	7 059
(varav bonus)	(517)	(440)
Övriga anställda	162 534	156 505
Summa	**170 450**	**163 564**

Sociala kostnader och pensionskostnader

Sociala kostnader enligt lag och avtal	57 153	54 505
Pensionskostnader	14 398	13 610
(varav styrelse och verkställande direktör)	(1 067)	(1 373)
Summa	**71 551**	**68 115**

Avtal om avgångsvederlag

Vid uppsägning från verkställande direktörens sida gäller en uppsägningstid om 6 månader och från företagets sida 6 månader. Vid uppsägning från företagets sida erhålls ett avgångsvederlag som uppgår till 6 månadslöner. Avgångsvederlaget avräknas ej mot andra inkomster. Vid uppsägning från verkställande direktörens sida utgår inget avgångsvederlag.

20241025039655

Not 8 Operationell leasing

Kostnad för operationell leasing inklusive hyra av kontorslokaler uppgår till 43 348 (30 196). Nominella värdet av framtida minimileasingavgifter, avseende icke uppsägningsbara leasingavtal inklusive kontorslokaler, fördelar sig enligt följande.

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Förfaller:		
Inom ett år	31 745	27 143
Mellan ett till fem år	51 034	50 879
Senare än fem år	5 310	11 103
Summa	**88 089**	**89 125**

Not 9 Ersättning till revisorer

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Revision:		
KPMG AB	1 051	837
Revisionsverksamhet utöver revisionsuppdrag:		
KPMG AB	415	541
Summa	**1 466**	**1 378**

Not 10 Resultat från övriga värdepapper och långfristiga fordringar

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Realiserad förändring kapitalförsäkring	0	379
Summa	**0**	**379**

Not 11 Nedskrivning av finansiella anläggningstillgångar

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Aimo Solution AB	-28 824	0
Summa	**-28 824**	**0**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039666

Aimo Park Sweden AB

Org nr 556553-5548

Not 12 Ränteintäkter och liknande resultatposter

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Ränteintäkter	8 030	2 841
Ränteintäkter koncern	1 692	1
Kursdifferenser	1 217	473
Summa	**10 939**	**3 315**

Not 13 Räntekostnader och liknande resultatposter

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Räntekostnader	-194	609
Räntekostnader koncern	-15 618	-5 018
Kursdifferenser	-2 296	-2 059
Summa	**-18 108**	**-6 468**

Not 14 Bokslutsdispositioner

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Erhållet koncernbidrag	753	0
Lämnat koncernbidrag	0	-16 157
Summa	**753**	**-16 157**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039 67

Aimo Park Sweden AB

Org nr 556553-5548

Not 15 Skatt på årets resultat

	2023-04-01 2024-03-31	2022-04-01 2023-03-31
Aktuell skatt	0	0
Uppskjuten skatt	105 797	5 802
Summa	**105 797**	**5 802**

		2023-04-01 2024-03-31		2022-04-01 2023-03-31
Avstämning årets skattekostnad				
Redovisat resultat före skatt		-86 497		-28 038
Skatt beräknad enligt gällande skattesats (20,6%)	20,6%	17 818	20,6%	5 776
Skatteeffekt av ej avdragsgilla kostnader	8,3%	-7 192	0,5%	-129
Skatteeffekt av ej skattepliktiga intäkter	0,0%	13	0,0%	3
Uppskjuten skatt avseende temporära skillnader	-110,0%	95 157	-0,5%	152
Summa	**-122,3%**	**105 797**	**20,7%**	**5 802**

Vid fusionen av dotterbolaget SC Motors bokfördes en latent skatteintäkt på underskottsavdrag uppgående till 95 157.

ID:569cb740-79b4-11ef-add3-6 19b2ade584c Status: Signerat av alla

20241025039 68

Not 16 Immateriella anläggningstillgångar

Balanserade utgifter för utvecklingsarbeten och liknande arbeten	**2024-03-31**	**2023-03-31**
Ingående anskaffningsvärde	464 120	290 911
Inköp	125 218	173 209
Försäljningar och utrangeringar	-10 707	0
Utgående ackumulerade anskaffningsvärden	578 631	464 120
Ingående avskrivningar	-22 377	-7 024
Försäljningar och utrangeringar	7 103	0
Årets avskrivningar	-54 847	-15 353
Utgående ackumulerade avskrivningar	-70 121	-22 377
Utgående restvärde enligt plan	**508 510**	**441 743**

Hyresrätter och liknande rättigheter	**2024-03-31**	**2023-03-31**
Ingående anskaffningsvärde	4 500	0
Inköp	200	0
Omklassificeringar	0	4 500
Utgående ackumulerade anskaffningsvärden	4 700	4 500
Ingående avskrivningar	-4 200	0
Omklassificeringar	0	-4 125
Årets avskrivningar	-12	-75
Utgående ackumulerade avskrivningar	-4 212	-4 200
Ingående nedskrivningar	-300	0
Årets nedskrivningar	0	-300
Utgående ackumulerade nedskrivningar	-300	-300
Utgående restvärde enligt plan	**188**	**0**

Not 17 Materiella anläggningstillgångar

Inventarier, verktyg och installationer	**2024-03-31**	**2023-03-31**
Ingående anskaffningsvärde	246 340	263 303
Inköp	13 940	26 448
Omklassificeringar	0	-4 500
Försäljningar och utrangeringar	-35 205	-38 911
Utgående ackumulerade anskaffningsvärden	225 075	246 340
Ingående avskrivningar	-152 846	-165 357
Omklassificeringar	0	4 125
Försäljningar och utrangeringar	30 598	36 477
Årets avskrivningar	-26 915	-28 091
Utgående ackumulerade avskrivningar	-149 163	-152 846
Utgående restvärde enligt plan	**75 912**	**93 494**

ID:569cb740-79b4-11ef-add3-6 19b2ade584c Status: Signerat av alla

20241025039 69

Not 18 Andelar i koncernföretag

	Antal andelar	Kapital-andel	Bokfört värde 2024-03-31	Bokfört värde 2023-03-31
Aimo Bevakning AB	1 000	100%	5 600	5 600
SC Motors Sweden AB	2 594 120	100%	0	37 741
Aimo Solution AB	50 002	100%	143 676	22 500
Summa			**149 276**	**65 841**

	Org nr	Säte
Aimo Bevakning AB	556354-7131	Stockholm (SE)
SC Motors Sweden AB	556613-4663	Stockholm (SE)
Aimo Solution AB	559148-0941	Stockholm (SE)

Not 19 Andelar i koncernföretag

	2024-03-31	2023-03-31
Ingående anskaffningsvärde	65 841	5 600
Årets förändringar		
Inköp	0	60 241
Kapitaltillskott	150 000	0
Fusion SC Motors Sweden AB	-37 741	0
Årets nedskrivningar	-28 824	0
Utgående anskaffningsvärde	149 276	65 841
Utgående redovisat värde	**149 276**	**65 841**

Not 20 Andra långfristiga fordringar

	2024-03-31	2023-03-31
Ingående anskaffningsvärde	3 018	3 339
Tillkommande fordringar	1 716	196
Avgående fordringar	-233	-517
Utgående anskaffningsvärde	4 501	3 018
Utgående redovisat värde	**4 501**	**3 018**

Not 21 Fordringar hos koncernföretag

Kortfristiga fordringar	**2024-03-31**	**2023-03-31**
Aimo Solution AB	564	235
Aimo Holding AB	21 261	57 365
Summa	**21 825**	**57 600**

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

20241025039970

Not 22 Förutbetalda kostnader och upplupna intäkter

	2024-03-31	2023-03-31
Förutbetalda hyror	82 493	78 803
Förutbetalda kostnader	15 974	13 538
Upplupna intäkter	1 841	368
Summa	**100 308**	**92 709**

Not 23 Övriga avsättningar

Reservering för förlustkontrakt	**2024-03-31**	**2023-03-31**
Vid årets början	12 823	18 249
Tillkommande avsättningar	1 727	166
Ianspråktagna avsättningar	-5 820	-5 592
Vid årets slut	**8 730**	**12 823**

Avsättning till omstruktureringsreserv	**2024-03-31**	**2023-03-31**
Vid årets början	1 118	0
Tillkommande avsättningar	4 964	1 118
I anspråktagna avsättningar	-1 502	0
Vid årets slut	**4 580**	**1 118**

Summa	**13 310**	**13 941**

Not 24 Disposition av företagets vinst

Förslag till disposition av företagets vinst

Styrelsen föreslår att fritt eget kapital, kronor 279 352 184, disponeras enligt följande:

Balanseras i ny räkning	279 352 184
Summa i kronor	**279 352 184**

Not 25 Antal aktier och kvotvärde

	2024-03-31	2023-03-31
Stamaktier		
antal aktier	100 000	100 000
kvotvärde, kr	100	100

ID:569cb740-79b4-11ef-add3-61 Status: Signerat av alla 9b2ade584c

Not 26 Skulder till koncernföretag

Kortfristiga skulder	2024-03-31	2023-03-31
Aimo Bevakning AB	13 100	10 662
Aimo Park Finland OY	9 829	13 615
Sumitomo Corporation	3 871	1 173
Aimo Park Norway AS	152 435	136 080
Sumitomo Corporation Capital Europe, plc.	200 000	200 000
Summa	**379 235**	**361 530**

Not 27 Upplupna kostnader och förutbetalda intäkter

	2024-03-31	2023-03-31
Förutbetalda intäkter	62 212	63 611
Upplupna semesterlöner inklusive sociala avgifter	28 838	28 068
Övriga poster	27 576	37 563
Summa	**118 626**	**129 242**

Not 28 Likvida medel i kassaflödesanalysen

	2024-03-31	2023-03-31
Följande delkomponenter ingår i likvida medel:		
Kassamedel	72	51
Banktillgodohavanden	154 938	214 078
Summa	**155 010**	**214 128**

Ovanstående poster har klassificerats som likvida medel med utgångspunkten att:

- De har en obetydlig risk för värdefluktuationer.
- De kan lätt omvandlas till kassamedel.
- De har en löptid om högst 3 månader från anskaffningstidpunkten.

20241025035971
ID:569cb740-79b4-11ef-add3-61 Status: Signerat av alla 9b2ade584c

20241025039972

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

Aimo Park Sweden AB

Org nr 556553-5548

Not 29 Fusion

Firma	Org nr	Fusionsdatum
SC Motors Sweden AB	556613-4663	2023-06-09

Resultat- och balansräkning före fusion

Omsättning	6
Kostnader	-304
Resultat efter finansnetto	-297
Tillgångar	40 361
Eget kapital	38 250
Skulder	2 408
Redovisat resultat	-297
Summa eget kapital och skulder	40 361

Fusionen av SC Motors Sweden AB har påverkat balansräkningen i Aimo Park Sweden AB enligt nedan.

Förändring av andelar i koncernföretag	-37 741
Övriga fordringar	263
Kassa och bank	10 068
Förutbetalda kostnader och upplupna intäkter	30
Förändring av eget kapital från fusionsdifferensen	-509
Pensioner och liknande förpliktelser	-2 075
Leverantörsskulder	-136
Skuld till koncernföretag	30 000
Övriga skulder	-20
Upplupna kostnader och förutbetalda intäkter	-177
Summa	**-297**

Not 30 Nyckeltalsdefinitioner

Soliditet består av eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

Medelantal anställda avser ett medelvärde av heltids- och deltidsanställda under året omräknat till heltidsanställda.

Not 31 Väsentliga händelser efter räkenskapsårets utgång

Inga väsentliga händelser har inträffat efter räkenskapsårets utgång.

20241025039 73

Aimo Park Sweden AB

Org nr 556553-5548

Stockholm den dag som framgår av vår elektroniska underskrift.

Mugen Yoshimura
Styrelseordförande

Felix Fuchs
Verkställande direktör

Sofia Hultberg
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska underskrift.

KPMG AB

Ulf Sundborg
Auktoriserad revisor

ID:569cb740-79b4-11ef-add3-619b2ade584c Status: Signerat av alla

Verifikat

Titel: Årsredovisning Aimo Park

ID: 569cb740-79b4-11ef-add3-619b2ade584c

Status: Signerat av alla

Skapat: 2024-09-23

20241025039974

Underskrifter

Mugen Yoshimura
mugen.yoshimura@aimopark.se
Signerat: 2024-09-23 17:42 BankID 196911161294, Mugen Yoshimura

Felix Fuchs
felix.fuchs@aimopark.se
Signerat: 2024-09-24 00:43 BankID 198702196935, Hans Felix Junior Fuchs

Sofia Hultberg
sofia.hultberg@aimopark.se
Signerat: 2024-09-24 08:28 BankID 197102030603, SOFIA HULTBERG

Ulf Sundborg
ulf.sundborg@kpmg.se
Signerat: 2024-09-30 18:10 BankID 196202069016, Ulf Christer Sundborg

Filer

Filnamn	Storlek	Kontrollsumma
Årsredovisning Aimo Park Sweden_FINAL 202403.pdf	609.6 kB	d415 292e c725 fc54 e4b1 a741 631f 6939 8b9b 3cb2 4ab6 8b61 4743 8e03 a7e2 3953

Händelser

Datum	Tid	Händelse
2024-09-23	16:17	Skapat | Annette Örnberg Ekholm, Aimo Park Sweden AB 5565535548. IP: 195.198.126.84
2024-09-23	17:42	Signerat | Mugen Yoshimura Genomfört med: BankID av Mugen Yoshimura, 196911161294. IP: 106.72.167.97
2024-09-24	00:43	Signerat | Felix Fuchs Genomfört med: BankID av Hans Felix Junior Fuchs, 198702196935. IP: 161.30.203.13
2024-09-24	08:28	Signerat | Sofia Hultberg Genomfört med: BankID av SOFIA HULTBERG, 197102030603. IP: 195.198.126.84
2024-09-30	18:10	Signerat | Ulf Sundborg Genomfört med: BankID av Ulf Christer Sundborg, 196202069016. IP: 195.84.56.2

Verifikat utfärdat av Egreement AB
Detta verifikat bekräftar vilka parter som har signerat och innehåller relevant information för att verifiera parternas identitet samt relevanta händelser i anslutning till signering. Till detta finns separata datafiler bifogade, dessa innehåller kompletterande information av teknisk karaktär och styrker dokumentens och signaturernas äkthet och validitet (för åtkomst till filerna, använd en PDF-läsare som kan visa bifogade filer). Hash är ett fingeravtryck som varje individuellt dokument får för att säkerställa dess identitet. För mer information, se bifogad dokumentation.
Verifikation, version: 1.19

20241025035975

Revisionsberättelse

Till bolagsstämman i Aimo Park Sweden AB, org. nr 556553-5548

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Aimo Park Sweden AB för räkenskapsåret 2023-04-01—2024-03-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Aimo Park Sweden ABs finansiella ställning per den 31 mars 2024 och av dess finansiella resultat och kassaflöde för räkenskapsåret enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Aimo Park Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. *Dessutom:*

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock *kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.*
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade *omfattning och inriktning samt tidpunkten för den. Vi måste också* informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Penneo document key: 54HQ0-73JNO-EIQ7U-ZIXDE-ZEYL1-LLTSH

20241025039976

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Aimo Park Sweden AB för räkenskapsåret 2023-04-01—2024-03-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Aimo Park Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner *beträffande bolagets vinst eller förlust. Vid förslag till utdelning* innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och *bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett* betryggande sätt.
Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den dag som framgår av min elektroniska underskrift

KPMG AB

Ulf Sundborg
Auktoriserad revisor

Penneo document key: 54HQ0-73JNO-EIQ7U-ZIXDE-ZEYL1-LITSH

PENNEO

Signaturerna i detta dokument är juridiskt bindande. Dokumentet är signerat genom Penneo™ för säker digital signering. Tecknarnas identitet har lagrats, och visas nedan.

"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

20241025039777

Ulf Christer Sundborg
Auktoriserad revisor
Serienummer: 0d8a91f50e124e[...]cb336d6496db5
IP: 195.84.xxx.xxx
2024-09-30 16:09:13 UTC

BankID

Penneo dokumentnyckel: 54HQ0-73JNO-EIQ7U-ZIXDE-ZEYL1-LLTSH

Detta dokument är digitalt signerat genom **Penneo.com.** Den digitala signeringsdatan i dokumentet är säkrad och validerad genom det datorgenererade hashvärdet hos det originella dokumentet. Dokumentet är låst och tidsstämplat med ett certifikat från en betrodd tredje part. All kryptografisk information är innesluten i denna PDF, för framtida validering om så krävs.

Hur man verifierar originaliteten hos dokumentet
Detta dokument är skyddat genom ett Adobe CDS certifikat. När du öppnar dokumentet i Adobe Reader bör du se att dokumentet är certifierat med **Penneo e-signature service <penneo@penneo.com>** Detta garanterar att dokumentets innehåll inte har ändrats.

Du kan verifiera den kryptografiska informationen i dokumentet genom att använda Penneos validator, som finns på **https://penneo.com/validator**

20241025039 78

Annual Financial Report

SUMITOMO CORPORATION AND SUBSIDIARIES

For the year ended March 31, 2024
Together with Independent
Auditors' Report

20241025039 79

Contents

Management's Discussion and Analysis 1
Consolidated Statement of Financial Position 53
Consolidated Statement of Comprehensive Income 55
Consolidated Statement of Changes in Equity 57
Consolidated Statement of Cash Flows 60
Notes to the Consolidated Financial Statements 62
Independent Auditor's Report

20241025039980

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Management Policies, Business Environment and Management Challenges

● Our Aims

We aim to be a corporate group which achieves sustainable growth through addressing social challenges, with our view to "further enrich the world, society, and people's lives" which is embodied in Sumitomo Corporation Group's (the "Group") corporate message "Enriching lives and the world".

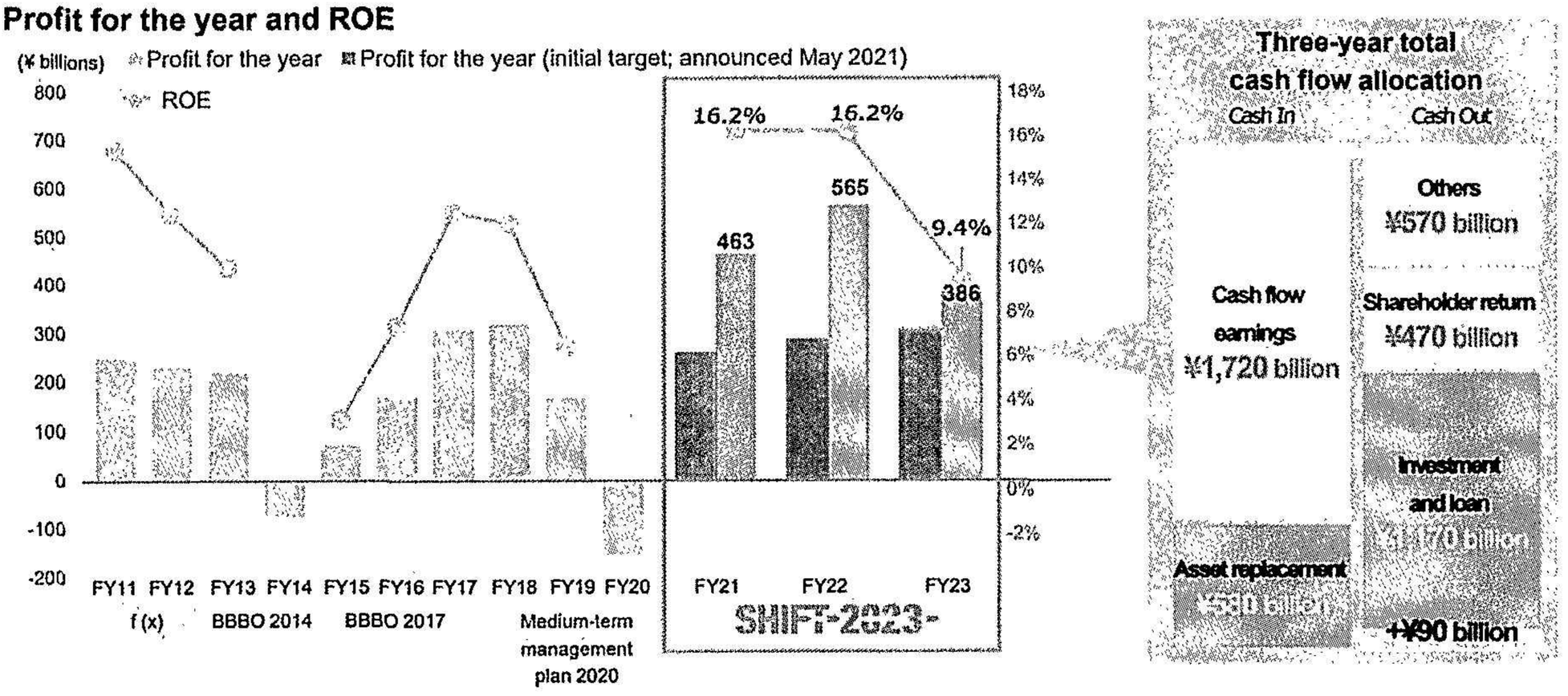
● Review of the Medium-Term Management Plan "SHIFT 2023"

In the SHIFT 2023 covering the three years from fiscal 2021 to fiscal 2023, we have worked on three SHIFTS, that is, "Business Portfolio Shift", "Framework Shift" and "Management Base Shift" and thereby endeavored to strengthen our business portfolio.

(1) Achievement of the Quantitative Plan

Compared with it under ex-midterm management plan, our profit level has improved significantly. It is above the planned profit level which we have announced as of the beginning of SHIFT 2023. Although our ROE marked 16.2% in fiscal 2021 and 2022, in fiscal 2023, as there were several one-off losses, it was 9.4%.

On three-year total cash flow allocation, we maintained financial soundness. We maintained positive cash flow after shareholder returns, even after increasing cash dividend per share and repurchase of shares of our common stock.



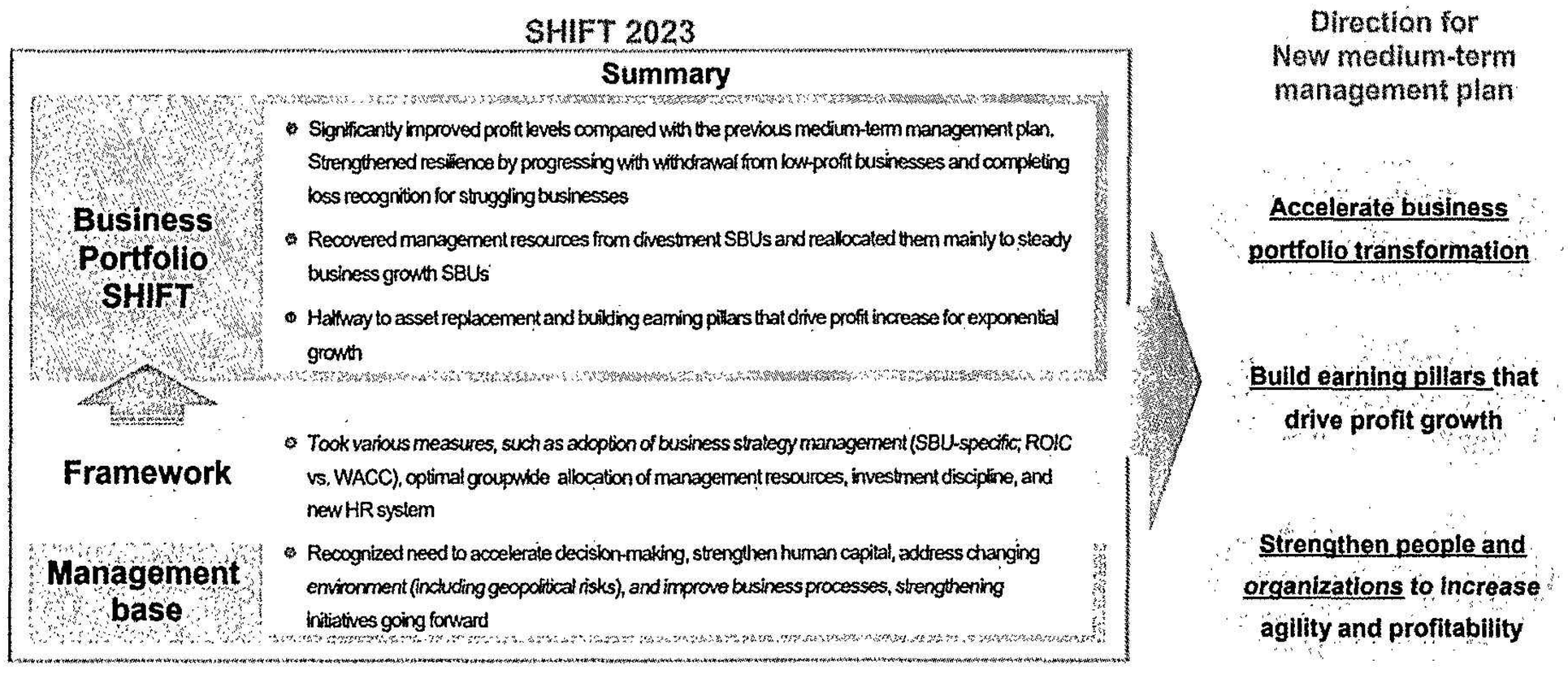
20241025039981

(2) Main initiatives of SHIFT 2023

In the SHIFT 2023, we have improved basic profitability and resiliency by restructuring our systems.

We have enhanced sustainability management by Strategic Business Unit (SBU)'s strategic approach toward mid-term plan against social challenges such as climate change or human rights, portfolio shift which is aiming for realization of carbon neutral society and implementation of human rights due diligence.

In the new medium-term management plan, we will accelerate business portfolio transformation. For that purpose, we will focus more than ever on enhancing our metabolism (including asset replacement) and building earning pillars that will drive growth.



- **Update of material issues**

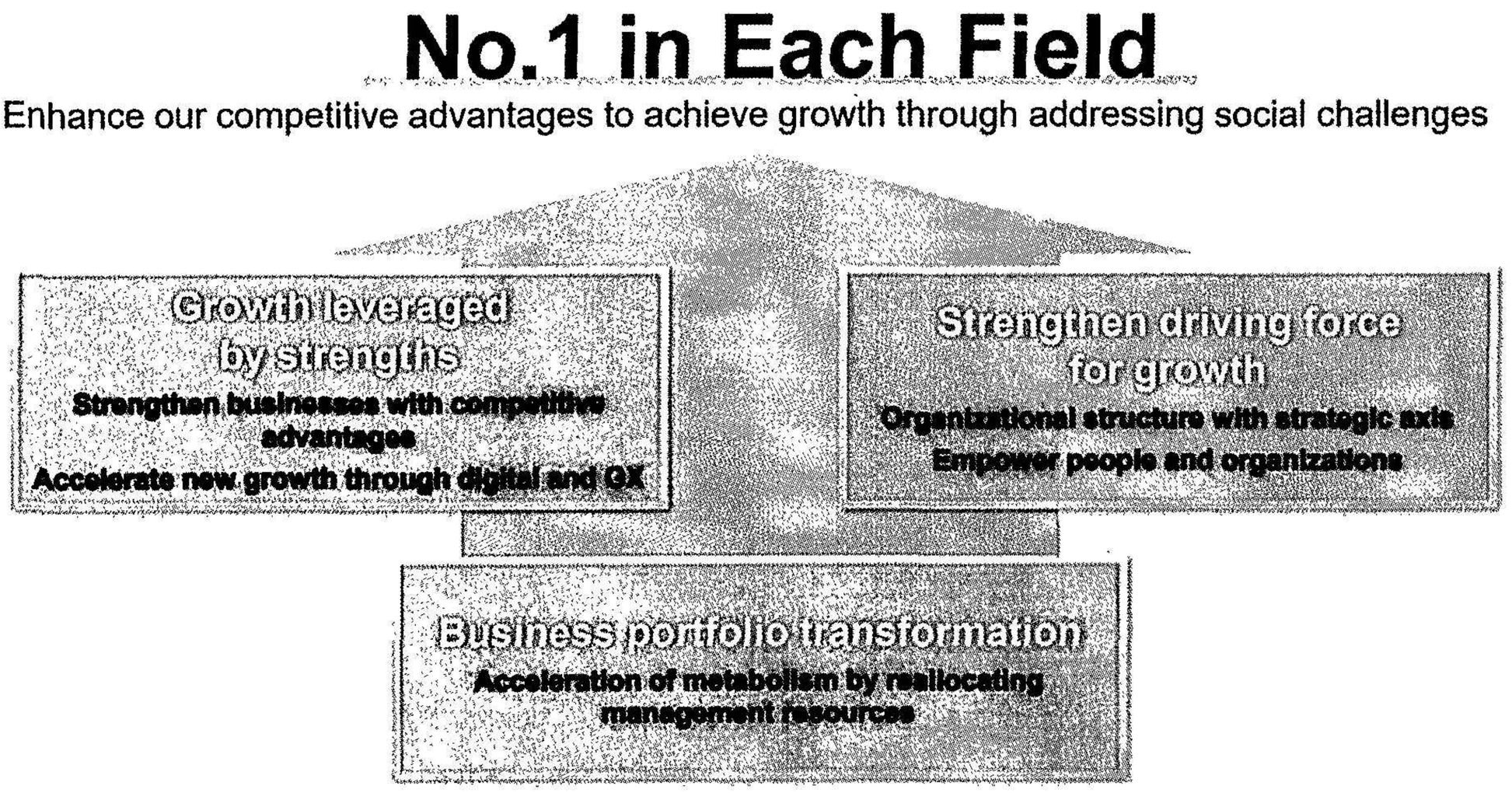
On going forward to the next stage, we have updated our material issues, with the view that the value-creation which contributes to address the social challenges will contribute the Group's sustainable growth. This is to show the Group's commitment on important social challenges and to address them, taking into account external environmental changes such as climate change and/or loss of biodiversity which are becoming more serious, the strength of the Group and expectation from stakeholders.

By following PDCA cycle where we make action plans for mid-term goals and long-term goals for each material issues, execute said plan and make a review of our progress, we will achieve sustainable growth through addressing social challenges. For example, for climate change, which is an urgent matter we need to tackle by whole world, we will contribute more than ever to realization of carbon neutral society through initiatives with an overall view of supply chain.

20241025039982

- **Medium-Term Management Plan 2026**

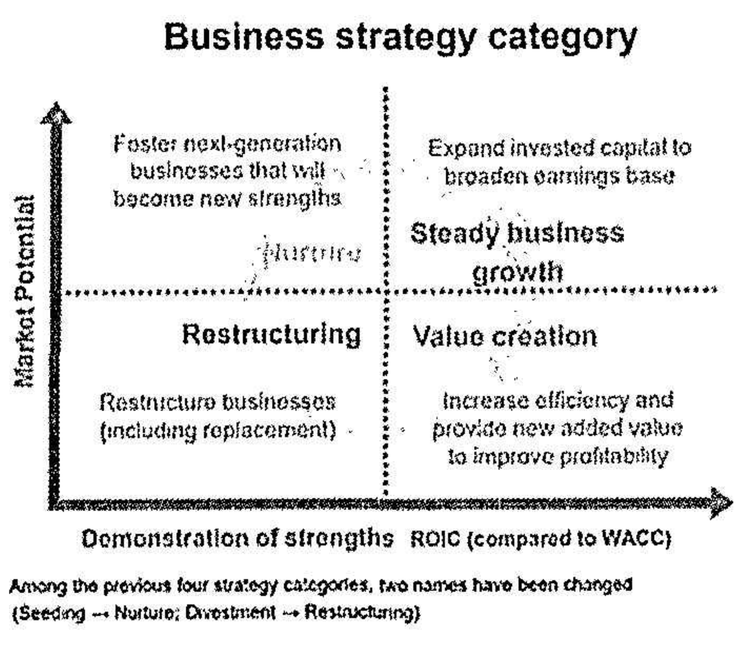
The theme of Medium-Term Management Plan 2026 is "No.1 in Each Field". To enhance our competitive advantages to achieve growth through addressing social challenges, we will accelerate business portfolio transformation. For that purpose, we will focus on "growth leveraged by strengths" and "strengthen driving force for growth".

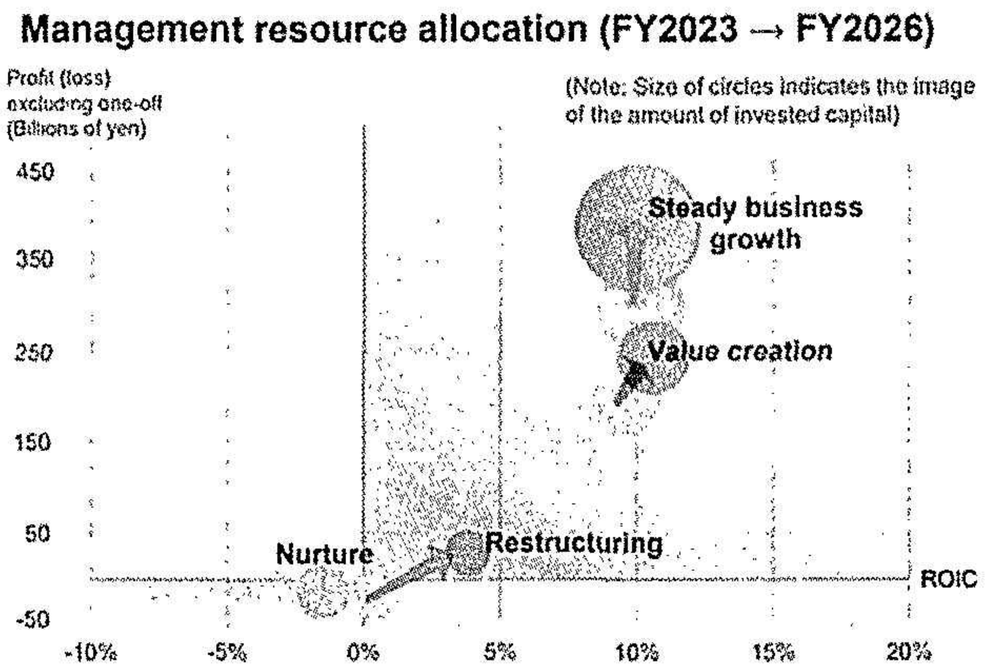


(1) Business portfolio transformation

We will realize growth by accelerating metabolism via following initiatives.

- Allocate management resources to businesses with strength and competitive advantage in the market with potential
- Restructuring businesses with low profitability with strategy and timeline, including collection of management resources by way of asset replacement
- Continuously utilizing four business strategy categories and ROIC/WACC comparison for the purpose of business strategy management





20241025039B3

(2) Growth leveraged by strengths

(a) Strengthen businesses with competitive advantage

- Enhance our competitive advantages like know-hows, relationship and competitive position in each industry, which we have accumulated for years, in growth businesses
- New value creation from growth business which is beyond traditional industrial framework, by strengthening collaboration between SBUs which rallied as new business group

(b) Accelerated new growth driven by digital and green transformation (GX)

<u>Accelerated new growth driven by digital</u>

- Further enhancement in the strengths and competitive advantages of our business by digital and acceleration of growth while developing new strengths
- To strengthen groupwide earning power by transforming management base and operations by digital and to expand earnings and create/transform our businesses

<u>Accelerated new growth driven by GX</u>

- Further enhancement in the strengths and competitive advantages of our business through GX
- In various industrial fields, create new strengths considering time frame to monetization (including market formation)
- Further enhancement of sustainability management which is the basis of GX (visualize supply chain GHG emission and practicing integrated problem solving which holistically considering impacts on human rights and natural capital)

(3) Strengthen driving force for growth

(a) Organizational structure with strategic axis

Review the structure of management council and business organization as below. By combining the viewpoint of companywide optimization and each business group's optimization, we will pursue robust organizational and integrated corporate strengths.

- Review member composition and resolution methods for timely and accurate decision-making
- For the purpose of optimization of organizational structure and improve agile decision-making, reorganized 20 business divisions into 44 SBUs based on strategy and establish business group as organizations to combine those SBUs
- Incorporate part of corporate function into business group for autonomous business group management
- Execution of SBU strategy on a global basis and initiatives to improve profitability

(b) Empower people and organizations

- Talent management based on capabilities identification
- Line power empowerment with delegation of authority
- Open/flat communication initiated by leaders

(4) Quantitative Targets

(a) Business environment

As of April 1, 2024, the "Business Units", "Energy Innovation Initiative" along with its "Divisions" and "Departments" have been removed and we operate our organization based on Strategic Business Units (SBUs). SBUs are structured into nine "Groups": "Steel", "Automotive", "Transportation & Construction Systems", "Diverse Urban Development", "Media & Digital", "Lifestyle", "Mineral Resources", "Chemical Solutions", and "Energy Transformation".

20241025039984

Overview

Despite rising prices and financial tightening have been burdens on personal consumption and capital investment, the global economy as a whole is expected to continue recovering at a moderate pace.

Among developed countries, the moderate recovery trend of the U.S. economy is expected to continue. The Euro-zone economy has been stalled but is expected to turn toward recovery in the future. The Japanese economy has been at a standstill in some sectors, but from an overall perspective, the moderate recovery trend is continuing. Among emerging countries, in China, the downturn in the real estate sector has acted as a drag on the economy and growth remains sluggish, but moderate economic recovery is expected to continue in many other emerging and developing countries.

Future risks include further heightening of tensions in the Russia-Ukraine situation and the Israel-Palestine situation, re-acceleration in inflation and accompanying financial tightening measures, debt problems in emerging economies, and rising geopolitical risks in Northeast Asia, the Middle East, North Africa, and other regions.

Steel Group

This group handles a broad range of steel products such as tubular products and steel sheets.

In the tubular products sector, tubular prices for U.S. market are currently sluggish. However, tubular prices are expected to rise gradually due to the recovery of tubular demand. Demand for international markets (non-U.S.) is expected to remain strong. Furthermore, exploration and production of oil and gas in various countries around the world is expected to continue due to the importance of stable energy supply, and the movement towards energy transition for decarbonization is also expected to continue.

In the steel product sector, demand in automotive, consumer electronics, and construction fields is weakening due to restrained purchases caused by rising prices. Particularly in China, domestic market remains sluggish due to real estate sector, we are paying close attention to further global supply and demand balance, which includes the export volume outside of China.

Given this environment, we will maintain our existing business and allocate capital to competitive businesses and regions for strengthening profitability. At the same time, we will provide new value through DX, and work to contribute to the realization of industry green transformation (GX) by supplying steel products and services that aid in the carbon neutralization of society such as renewable energy and CCS.

Automotive Group

This group operates a wide range of businesses in the value chain of automotive industry, including manufacturing, distribution, finance, lease and other services of automobiles, parts, tires, and other related products.

The environment surrounding this group is seeing an increasing demand for automobiles to support each country's economic development and the increased movement of people and goods, a shift from ownership to utilization (leasing, rental, subscription, etc.), the spread of eco-friendly vehicles to achieve carbon neutrality, and growing needs for accelerating reuse and recycling to build a circular economy. On the other hand, there are concerns about the impact of geopolitical risks on the supply chain and the slowdown of economic growth due to rising raw material costs, labor costs, interest rates, etc., which we are closely monitoring.

In light of this environment, we will work to accelerate growth by enhancing our product lineup and broadening our sales network in the automobile distribution and sales business; to increase the scale of earnings through value-up of our parts manufacturing, sales financing, and tire sales businesses; to expand services and capture new business opportunities in the mobility services field through leveraging our automobile leasing business; and to develop and nurture new businesses in the field of "Beyond Mobility" (areas that arise from and go beyond mobility).

Transportation & Construction Systems Group

This group is engaged in various transactions and business investments, including the lease and finance business, the aircraft, ship and marine, and construction equipment businesses that develops a value chain globally, and the defense and aerospace business with high expertise.

In the environment currently surrounding the group, the demand for aviation has recovered to the level of 2019, and the demand for marine cargo transportation and infrastructure construction/renewal is robust, with growth expected to continue in both areas, while

20241025035985

there are concerns about an economic slowdown due to the impact of monetary policy and high interest rates. In addition, the need to contribute to the realization of a decarbonized society and a circular economy is increasing.

Considering this environment, this group is focusing on improving the profitability and expanding the foundation of our core businesses. Specifically, we will work on increasing high-quality assets and improving asset efficiency in the lease and finance businesses and expanding the business foundation and diversifying the products and services in the construction equipment businesses. Moreover, we will accelerate our growth by pursuing businesses that respond to social issues and needs, such as selling of parts from retired aircrafts in the aircraft aftermarket business, and manufacturing structures used in offshore wind power in the ship and marine business.

Diverse Urban Development Group

This group is engaged in development, operation and asset management of real estate, industrial parks, sustainable cities, urban infrastructure. And in manufacturing and sales of construction materials, sales of industrial equipment, and logistics and insurance-related businesses. In the real estate sector, the overseas real estate business has been sluggish due to mainly the downturn in the U.S. office building rental market, while the domestic real estate business has remained strong. The domestic trade business of construction materials and machinery equipment has maintained its robustness due to the recovery of capital investment of post-COVID. As for the macro environment, there continues to be a heightened awareness for the crisis of the global environment and the next generation's living environment, as well as changes in market needs and business models to address geopolitical risks. And it is necessary to pay close attention to the market trends including real estate sector, due to the policy interest rates, particularly in Japan and the United States, and rising any production costs.

Considering such environment, we see business opportunities in the demand for infrastructure and city development that consider the disaster resilience and nature positive. And the transformation needs of global manufacturing and distribution networks to address geopolitical risks and environmental issues. With our organizational reforms, this group has the combined business promotion power of real estate and infrastructure fields, and we will globally expand our diverse urban development businesses with such combined power.

Media & Digital Group

This group is engaged in digital solution business, smart communications infrastructure business, value-added service business, 5G related businesses, media businesses in the cable television, TV shopping business, global corporate venture capital, etc.

In the digital related business, opportunities for resolving issues and transforming customers' businesses through digital technologies are expanding, leading to a growing demand for DX solutions. In smart communications infrastructure business and value-added service business, there is an anticipated increase in demand due to the development in regions such as Myanmar and Ethiopia. The expansion of 5G related services is progressing with the increasing need for high-speed and large capacity communication, prompting the deployment of mobile carrier base stations. In the media related business, along with lifestyles and consumer behavior change, there is an expected demand for diverse viewing formats and new services.

Given the environment, in the media business, we will strengthen and expand our proposal capabilities and business foundation in digital related business, and engage in consulting and DX businesses. In smart communications infrastructure business and value-added service business, we will engage in the development and deployment of services for telecommunications carriers leveraging our many years of experience in the telecommunications industry. In 5G related businesses, we will collaborate with carriers to accelerate and upscale 5G base station sharing business. In the media related business, we will maximize corporate value of JCOM Co., Ltd. (core operating company) and transform traditional TV shopping business into a business model that integrates TV and e-commerce.

Lifestyle Business Group

This group operates retail businesses such as supermarkets and brands, food businesses such as food and food ingredients and fruits, and healthcare businesses such as drugstores, dispensing pharmacy business, managed care business and clinics.

In the retail and food sectors, we expect to see consumer values and lifestyles diversifying, needs becoming more specialized, and

2024102503986

awareness toward food and health increasing. In the healthcare field, needs for medical cost optimization are expected as the aging of the population grows. Additionally, our business will continue to be important as essential infrastructures for daily life while there are concerns about general climate change, continuing geopolitical risks, and high labor and fuel costs, and we will continuously monitor trends closely.

Given this environment, we will take advantage of our strengths, such as our overwhelming direct access to customers, primarily in our retail business, and work on data-driven marketing and the promotion of DX to enhance operations and develop new businesses. Additionally, we will work to expand our primary care and community-based integrated care business in order to address the medical cost inflation both in Japan and overseas countries. In the food sector, we will utilize our expertise and networks in food procurement, processing, and sales to raise our revenue base and expand our business into fields where growth is expected.

Mineral Resources Group

This group develops, operates, and produces metal resources and other commodities, manufactures and sells products, and also provides various functions in the trading field, realizing between trading and operating assets sector and utilizing commodity derivatives.

While resource prices have generally calmed down since FY2022 and are currently softening, we continuously focus on improving and strengthening our business portfolio and foundation for growth by leveraging our unique experience and strengths, enhancing our competitive advantages through addressing social issues, in consideration of various environments, including medium- to long-term market fluctuation cycles, uneven distribution of players and regions in industries, changes in the value chain and supply demand balance environment impacted by economic security and technological innovation, and increasing difficulty in resource development. From the perspective of strengthening downside resistance and expanding revenue base, we are currently restructuring our nickel business in Madagascar, maintaining and expanding stable operations at existing concessions, and working to accumulate quality assets such as metal resources for which future demand is expected to increase, as well as promoting investments and provision of functions that contribute to reducing environmental impact and building a value chain that contributes to climate change mitigation. Through these efforts, the group aims to contribute to industrial development and the realization of a sustainable society in Japan and around the world, and to create a prosperous future for people.

Chemical Solutions Group

This group is engaged in developing, manufacturing, and selling basic chemical products, agricultural inputs, pharmaceuticals, animal health products, cosmetics, and electronics materials/products.

During fiscal year 2023, the agribusiness field faced deteriorating market conditions and weather factors, and the electronics materials and products field struggled from sluggish demand for semiconductors. However, in fiscal year 2024, we expect the business environment in the agribusiness field to improve, demand for semiconductors to recover, and the basic chemicals field to remain strong. Based on the above business environment, in the agribusiness field, we will focus on geographical expansion and additional functions, and promoting business in the innovation field. In the basic chemicals field, where we acquired a U.S. sulfuric acid business during fiscal 2023, we will further enhance profitability and resistance to unfavorable market conditions by expanding functions that leverage our business foundation, including our customer and supplier relations, manufacturing businesses, and logistics assets. In the green chemicals field, we will focus on initiatives that contribute to a carbon neutral and circular economy, as well as the development of new businesses in response to growing needs for economic security. We will also endeavor to anticipate future changes and create new business in the fields of life science and electronics.

Energy Transformation Business Group

This group is engaged in power generation business in Japan and overseas, domestic power retail business, development, production and sales of energy interests such as natural gas and LNG, offshore infrastructure and marine fuel supply business, and business development in the field of next-generation energy contributing to the realization of a carbon-neutral society.

In the power EPC project, we have achieved completion of several projects, and the power generation business is also growing steadily. In the domestic power retail business, earnings improved, as a result of enhanced market risk management, including contract renewals

20241025035987

with customers, and stable power prices throughout the fiscal year.

In the energy sector, although there was a rebound from the previous fiscal year's strong performance in some trade businesses, the energy trade business performed well by successfully monetizing high market prices and price fluctuations. In light of this environment, the group will further strengthen its market fluctuation risk management in order to prepare for the rising global geopolitical risks.

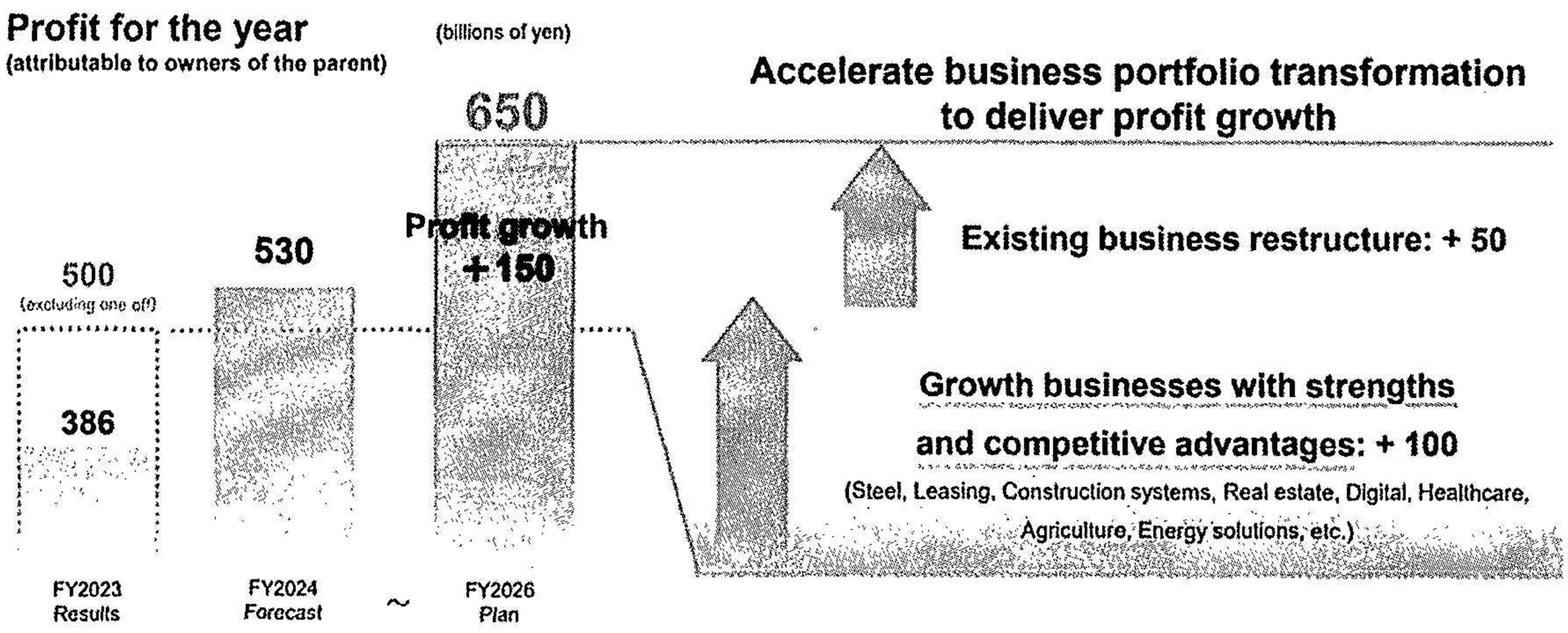
In addition, in order to achieve carbon neutrality by 2050, we will promote the commercialization of new power and energy services that will facilitate the low-carbon transition of our power generation portfolio and continue to develop next-generation energy-related businesses.

We will drive the energy transformation business of the Group as a whole, by viewing the irreversible GX trend as a business opportunity to build the decarbonization and recycling energy system and realize a sustainable carbon cycle.

(b) Quantitative Targets

Profit plan

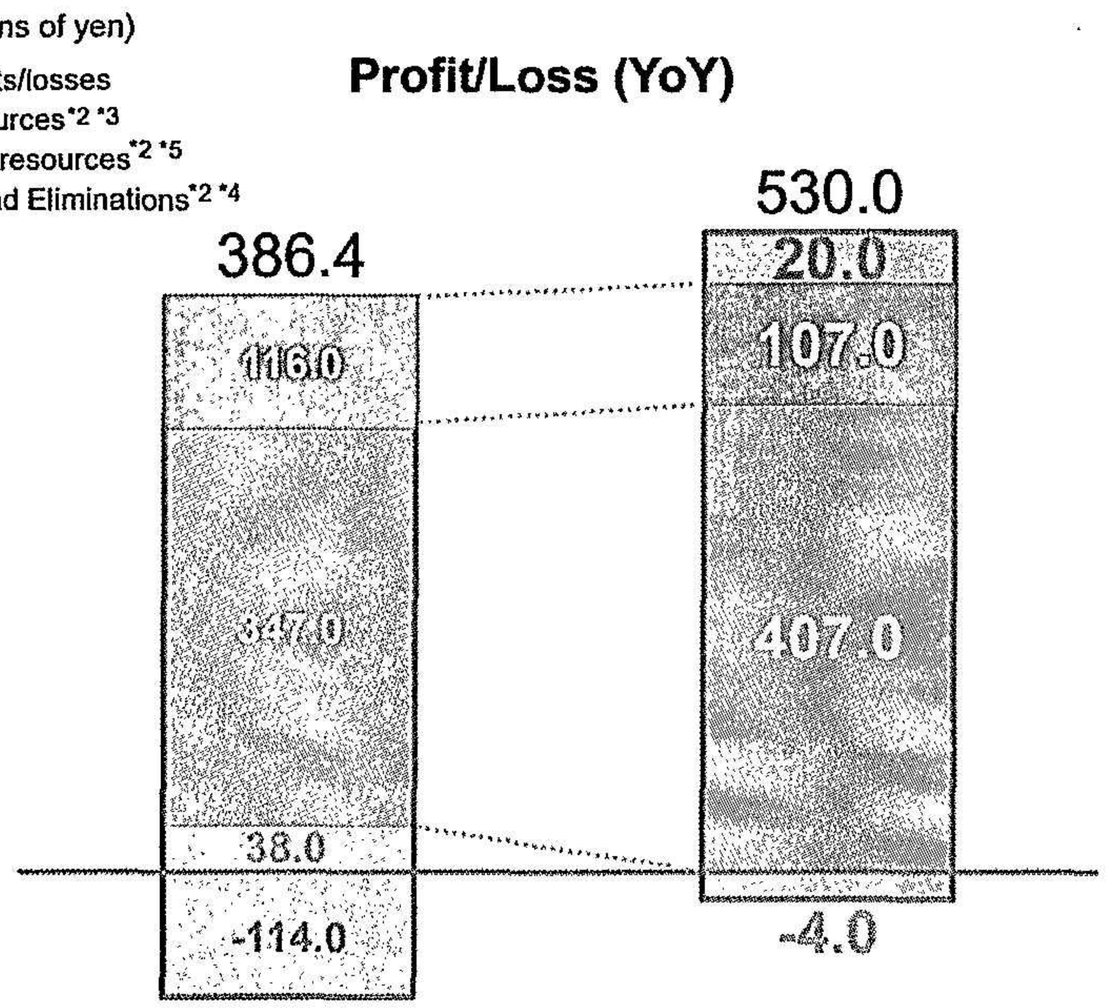
During the term of "Medium-Term Management Plan 2026", by maintaining ROE of 12% or higher while expanding growth businesses with competitive advantages, we aim to achieve profit for the year of 530 billion yen for fiscal 2024 and of 650 billion yen for fiscal 2026.



2024102503988

The breakdown of the earnings forecast for fiscal 2024 is as follows.

Although the mineral resource businesses will experience a decrease in earnings due to the absence of the gas trade business, which was strong in fiscal 2023, and declining coal prices, the non-mineral resource businesses, mainly the tubular products business, construction and mining systems business, real estate business, and agribusiness, are expected to deliver steady profit growth.



*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.

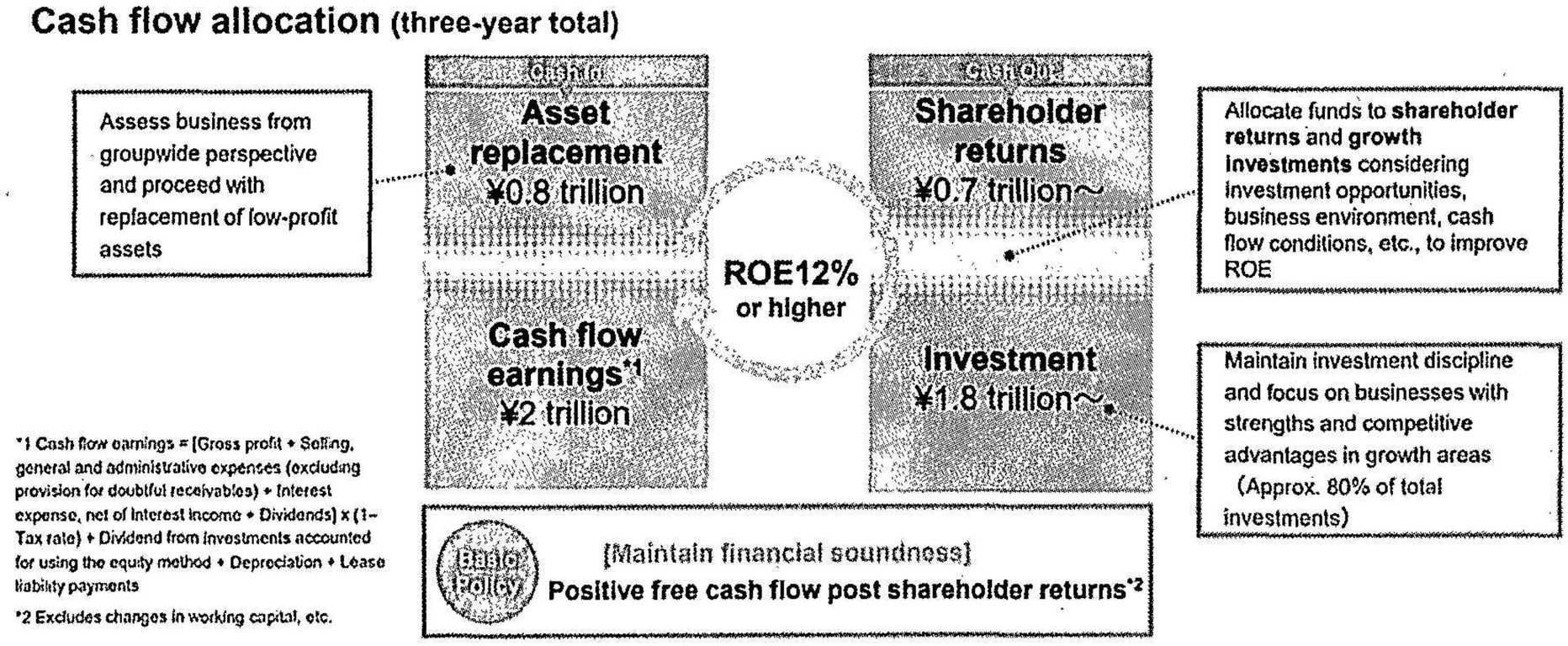
*4 Due to reorganization carried out as of Apr. 1, 2024, Energy Innovation Initiative, which was included in "Corporate and Eliminations", was transferred to Energy Transformation Business Group.

*5 Non-mineral resources is calculated by subtracting "Mineral resources" and "Corporate and Eliminations" from the total.

20241025035989

Cash flow allocation

We aim to generate cash of 2.8 trillion yen through further asset replacement and improvement of cash flow earnings. We will allocate cash generated thereby to growth investments and shareholder returns. While maintaining financial soundness, we will aim to improve ROE.



(5) *Shareholder Return Policy*

New shareholder return policy

Considering the improvement of basic profitability through SHIFT 2023, continuously strengthening our financial position and securing funds for investments for sustainable growth, our shareholder return policy in the Medium-Term Management Plan 2026 and thereafter are as follows:

- 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 (*1)

(*1) Dividends to be maintained or increased.

Shareholder return in fiscal 2024

Based on the policy mentioned above, we plan to pay an annual dividend of 130 yen for fiscal 2024, representing an increase of 5 yen from the previous fiscal year.

Further, at the meeting of the Board of Directors held on May 2, 2024, resolved to repurchase shares of our common stock up to 50 billion yen. (period for repurchase: from May 7 2024 to July 19 2024) All repurchased shares are scheduled to be cancelled on August 28 2024.

With an aim to increase corporate value sustainably, we will work on with "Medium-Term Management Plan 2026" by promoting several necessary changes. We kindly appreciate for our shareholder's continuous support.

20241025039900

2. Our Approach and Initiatives to Sustainability

- **Our Approach to Sustainability**

"Enriching lives and the world" is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people's lives. The background to this message is a phrase that conveys the Group's business philosophy: "Benefit for self and others, private and public interests are one and the same." It means that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of the Group's sustainability management, and under this philosophy, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

- **Our Initiatives to Sustainability**

In the following sections, we describe the overall picture of our sustainability management, as well as our initiatives in climate change, respect human rights, and human capital. For each section, we describe our initiatives in four parts: 1. Governance, 2. Strategy, 3. Risk Management, and 4. Metrics and Targets.

(1) Overall picture of sustainability management

1. Governance

(a) Overseeing Sustainability Management

The board of directors renders decisions concerning key management matters in light of the diverse opportunities and risks related to sustainability in the Group's wide range of business activities. Additionally, the board of directors oversees the decision-making and operation of the business by the management council and executive officers.

For decision-making on important management matters, the Board of Directors deliberates and determines on the formulation and revision of sustainability-related policies, important initiatives related to the promotion of sustainability, and the handling of important issues related to policies on response to sustainability issues, which are submitted to the Board of Directors after review by the Management Council and its advisory bodies, including the Company Investment Committee, Corporate Sustainability Committee and Corporate Strategy Promotion Committee.

Furthermore, the Board of Directors receives regular reports on the strategy and progress of each business area, as well as on the status of risks in the overall business portfolio. Specifically, the Board of Directors receives reports on company-wide measures and themes several times a year, including a review of the progress of medium- and long-term goals based on key social issues (materiality for FY2024 and beyond) and a review of compliance with sustainability-related policies, and supervises the status of initiatives by the business execution side as the Board of Directors.

In addition, to ensure that the Company's officers, including directors, are more aware of our commitment to the advancement of sustainability management, evaluation based on the non-financial indicators ("climate change", "promotion of women's active engagement" and "employee engagement") is used to calculate the amount of the remuneration of officers.

(b) Execution of Sustainability Management

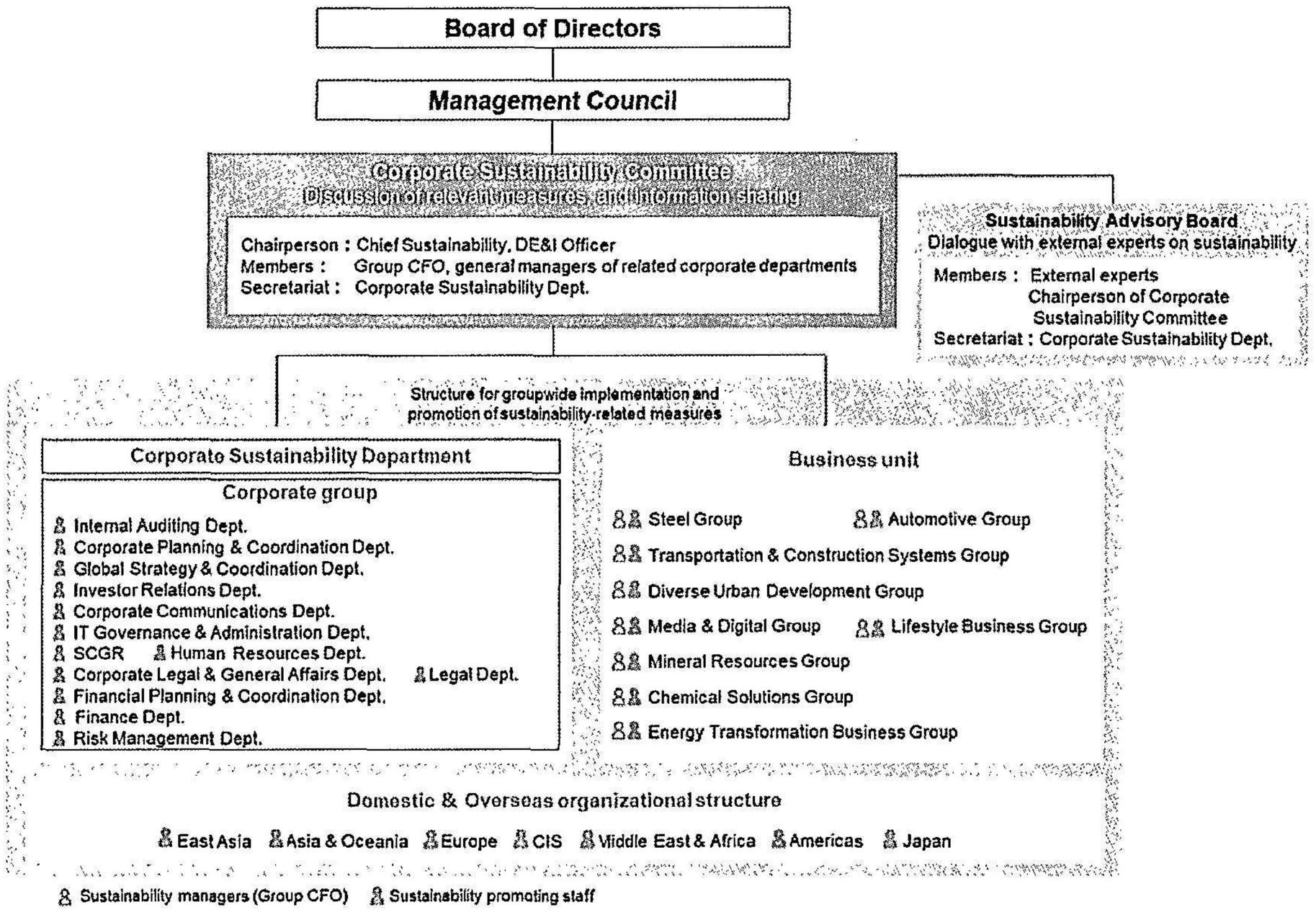
Management Council and executive management are responsible for decision-making and business execution of important sustainability-related management matters of the Group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees in order to assess and manage sustainability-related risks and opportunities and make effective decisions.

In addition, with regard to sustainability-related initiatives and responding to risks and opportunities, the Corporate Sustainability Department, which is a specialized organization in charge of planning and disseminating measures to promote sustainability within the Company, and related corporate organizations such as the Corporate Planning & Coordination Department, which plans the Company's overall management plan and important measures, as well as and the person in charge of sustainability promotion in

20241025039991

each business group, and overseas regional organizations work together. Based on information provided by the Company's internal research organizations, the Business Groups, overseas regional organizations, etc., we formulate and promote company-wide plans and measures.

In addition, we have established the Sustainability Advisory Board, which is comprised of outside experts on ESG, to obtain advice and recommendations on our overall sustainability management.



2. Strategy

The Group conducts its business activities based on the belief that, building on the business foundation that has been established over the years, each SBU and group company's ongoing commitment to sustainability in the face of stakeholders will lead to the acquisition of various business opportunities and the sustainable growth and development of the Group.

On the other hand, if SBUs and group companies fail to recognize the importance of sustainability and address it through their business activities, there is a risk that our enterprise value will be damaged due to the loss of trust from stakeholders and, in the long run, the loss of customers and the negative impact on securing the human resources necessary for operation. Since the Group has a wide variety of business models with various stakeholders globally in a wide range of industries, in order to continue to promote business activities that lead to sustainable growth and development, we recognize that it is necessary to identify and respond to sustainability-related risks and opportunities throughout the value chain in cooperation with not only the Group but also many stakeholders in the value chain. Therefore, we are working on the following measures.

(a) Identification of material social issues and setting and implementation of medium- to long-term targets

In 2020, to implement sustainability management, we have identified "Mitigation of climate change," "Circular economy," "Respect for human rights," "Development of local society and economy," "Improvement of living standard," and "Quality education" as the six key social issues that we need to address and have set long-term goals and medium-term goals for each issue. SBUs formulate and implement specific action plans to achieve long-term and medium-term goals according to each strategy. Based on the review by the Corporate Sustainability Committee, the progress of SBU initiatives is reported to the Management Council and the Board of Directors, and the Group's sustainability initiatives are assessed.

20241025039992

In FY2024, considering the further aggravation of social issues such as climate change and the loss of biodiversity as well as the Group's strengths, and expectations from stakeholders, we integrated the Material Issues and the Six Key Social Issues and updated our Material Issues "Build resilient and prosperous society," "Overcome climate change," "Preserve and regenerate natural capital" "Respect human rights," " Develop talent and promote DE&I" "Maintain and strengthen governance". We will continue to implement the PDCA cycle of goal setting, action implementation, and progress review in accordance with the Material Issues. For details, please refer to "4. Metrics and Targets" below.

(b) Formulation of sustainability-related policies

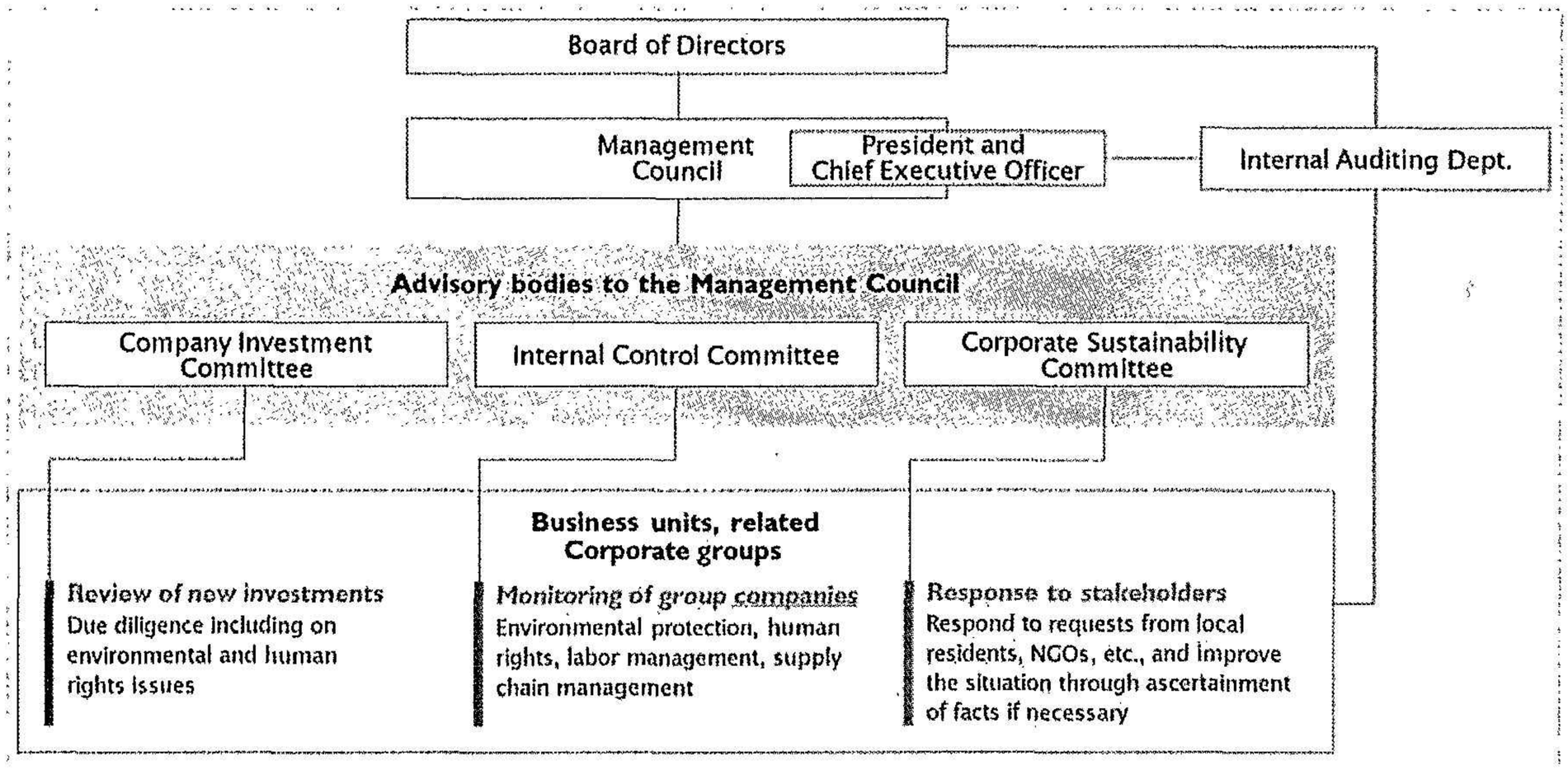
In order to respect international conduct standards and fulfill our social responsibilities together with our business partners and stakeholders toward the realization of a sustainable society, the Group has formulated and disseminated comprehensive policies such as "the Policies on Climate Change Issues" and "Sumitomo Corporation Group's Human Rights Policy" as well as individual policies, such as "the Forest Management Policy" and "the Sourcing Policy for Forest Products", related to major natural resources that require sustainable procurement and engages in business activities.

3. Risk Management

The Group's activities cover businesses across a broad range of fields and regions and involve various social issues. We always attach great importance to these social issues, and in order to appropriately control the social and environmental impact of the entire Group's business activities, establish policies and publicize and thoroughly enforce them within the Group. We have established a companywide framework such as assessing of social and environmental risks and opportunities at the beginning of individual businesses and regular monitoring of the social and environmental impact of the Group's entire business activities. Specifically, we check that the business is soundly managed and does not have severe impacts on stakeholders through environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the characteristics of each business. In addition, each responsible SBU prepares a self-assessment sheet on relevant social and environmental risks to identify and assess anticipated risks and opportunities at the time of application for new business, and then the Corporate Sustainability Department reviews it considering related external information. Also, the Corporate Sustainability Department participates in discussions in the Company Investment Committee and sustainability-related risks and opportunities are identified and assessed, and measures for value creation as well as prevention of loss of value are considered through discussion in the committee.

As follow-up to the investment, each investee's status of the comprehensive management of various risks including social and environmental risks are monitored regularly. Specifically, we confirm the status of the management of social and environmental risks of group companies through dialogue with group companies and internal audit process. If an issue arises, remedial action is taken in line with the specifics of the case. When a case relating to the impact of the Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement.

20241025039993



In addition to risk management related to individual businesses, we have also put in place a system that enables us to assess the status of sustainability-related risks faced by the entire Group, and to utilize this information in making strategic management decisions. Specifically, in addition to monitoring and reporting to the Board of Directors on the progress of actions based on the long-term and medium-term targets mentioned above, the Group's overall management status is regularly reviewed based on the medium-term management plan to organize the company-wide status of sustainability-related and other types of risks and to discuss future management and response policies. The Management Council and the Board of Directors discuss the future management and handling policies of sustainability-related and other types of risks, and reflect the results in the consideration of specific measures in the medium-term management plan.

In the analysis of sustainability-related risks and opportunities for the Group as a whole, we conduct scenario analysis regarding climate change. For details, please refer to "(2) Disclosure on Climate Change Initiatives, 2. Strategy".

4. Metrics and Targets

With addition to risk management related to individual businesses, we have also put in place a system that enables us to assess the status of sustainability-related risks faced by the entire Group, and to utilize this information in making strategic management decisions. Specifically, in addition to monitoring and reporting to the Board of Directors on the progress of actions based on the long-term and medium-term targets mentioned above, the Group's overall management status is regularly reviewed based on the medium-term management plan to organize the company-wide status of sustainability-related and other types of risks and to discuss future management and response policies. The Management Council and the Board of Directors discuss the future management and handling policies of sustainability-related and other types of risks, and reflect the results in the consideration of specific measures in the medium-term management plan.

In the analysis of sustainability-related risks and opportunities for the Group as a whole, we conduct scenario analysis regarding climate change. For details, please refer to "(2) Disclosure on Climate Change Initiatives, 2. Strategy".

2024102503994

Long-term and medium-term goals to our key social issues.

Key social issues	Long-term goals	Medium-term goals (newly set)
Sustainability of society	Mitigation of climate change	¤ Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	¤ **Reduce the Group's CO_2 emissions 50% or more by 2035 (compared to 2019)** - Reduce CO_2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity. - Reduce indirect CO_2 emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035. - Reduce CO_2 emissions in all other businesses (*3). ¤ **Establish businesses that will form the foundation for a sustainable energy cycle in society** - Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (5GW or more by 2030)(*4), and expand new power and energy services. - Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. - Capture, store and utilize CO_2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc.
	Circular economy	¤ Shift to recyclable, efficient technologies and products	¤ **Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage** - Expand use of raw materials derived from recycled or renewable resources. - Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.).
		¤ Sustainable use of natural resources	¤ **Reinforce the sustainable procurement system for major natural resources used by the Group** - Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.
	Respect for human rights	¤ Respect human rights through all of our businesses and supply chains	¤ **Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy** - By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. - Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results. ¤ **Ensure a safe workplace environment** - Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. ¤ **Achieve a diverse organization grounded in mutual respect** - Provide a safe working environment that is free from discrimination and harassment. - Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.
Development and evolution of society	Development of local society and economy	¤ Contribute to development of local industries and human resources	¤ **Develop local industries, create jobs, and develop human resources through the Group's global business operations** - Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. - Create employment and develop management and highly skilled human resources at the Group's business sites.
		¤ Develop industrial and social infrastructure	¤ **Establish industrial and social infrastructure that contributes to the sustainable development of society** - Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.
	Improvement of living standard	¤ Provide advanced lifestyle-related services	¤ **Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations** - Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.
	Quality education	¤ Contribute to quality education	¤ **Provide quality and equal learning opportunities through 100SEED(*6) activities** - Quantitatively expand the scope of learning opportunities. - 100% satisfaction of beneficiaries. - Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).

(*1) As of 2020：coal 50%, gas 30%, renewables 20%

(*2) Indirect CO_2 emissions generated by others with the use of fossil fuel

(*3) Contribute to CO_2 reduction by setting targets for individual businesses

(*4) As of 2020：1.5GW (1GW = 1 billion W)

(*5) A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

(*6) Social contribution projects with employee participation at the Group

20241025039955

The long-term and medium-term goals to the Material Issues identified in 2024 are as follows.

Long-term and medium-term goals and progress to our Material Issues

Material Issues	Long-term goals	Medium-term goals
Build resilient and prosperous society	¤ Contribute to the development of local communities and economies	¤ **Develop safe, comfortable and resilient industrial and social infrastructure** ¤ **Provide advanced services and functions that further enrich the lives of people**
	¤ Develop human resources who will drive the future by providing quality education	¤ **Develop human resources who will drive the future through business and social contribution activities** – Provide job training and educational opportunities in line with local needs, and expand the scope of beneficiaries – Promote 100SEED program(*1) by having 5% or more of all employees participate annually
Overcome climate change	¤ Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050 ¤ Contribute to carbon neutrality of society	¤ **Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019)** – Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) while expanding the renewable energy power generation business (expand the supply of renewable energy from 1.5 GW in 2019 to 5 GW or more by 2030) – In fossil fuel upstream business, reduce indirect CO2 emissions generated from thermal coal mines to zero by the end of the 2020s. For upstream gas development, only undertake those that contribute toward society's energy transition. – Reduce CO2 emissions in all other businesses (*3) ¤ **Build a sustainable energy system and carbon cycle with an overview of supply chains** – Improve energy and carbon efficiency, and expand businesses that encourage energy conservation – Expand renewable energy and new power and energy services, encourage electrification and fuel conversion, and develop and implement hydrogen and other forms of carbon-free energy – Promote capture, store and utilize CO2 (forestry business, CCUS, blue carbon, etc.)
Preserve and regenerate natural capital	¤ Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain *management*	¤ **Accelerate initiatives toward a nature-positive world by 2030** – Analyze nature-related risks and opportunities in each business – Reduce risk of the entire supply chain, including sustainable procurement of major natural resources – Pursue new business by developing products, services, and scheme that encourage the shift toward Nature Positive and a circular economy
Respect human rights	¤ Respect the human rights of all stakeholders in all businesses and supply chains	¤ **Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy** – Reduce human rights risks by further strengthening human rights due diligence and grievance mechanisms(*4) across the entire supply chain – Promote initiatives and improve transparency through stakeholder engagement and enhancement of information disclosure ¤ **Ensure a safe workplace environment**
Develop talent and promote DE&I	¤ Create workplaces that allow diverse employees to apply their capabilities with passion *in their own ways*	¤ **Increase diversity in decision-making positions** ¤ **Cultivate inclusive leadership**
Maintain and strengthen governance	¤ Develop a robust governance system to enhance the corporate value	¤ **Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management** ¤ **Establish Group management system that responds to changes in the business environment with agility**

(*1) Social contribution activity program with employee participation at the Group

(*2) Indirect CO2 emissions generated by others with the use of fossil fuel

(*3) Contribute to CO2 reduction by setting targets for individual businesses

(*4) A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

2024102503996

(2) Disclosure on Climate Change Initiatives

We put an importance on the international determinations stipulated in the Paris Agreement, and we set "Policies on Climate Change Issues" in order to play a more active role in achieving the carbon neutrality goal of society in aligned with the Agreement.

In response to recent changes in the external environment, including climate change countermeasures and energy security, we have updated our equity generation capacity-based ratio target among the Group's climate-related targets. In addition, we have added a commitment to reduce indirect CO2 emissions from general coal mines to zero by the end of 2020s, and to work on natural gas only in projects that contribute to the realization of a carbon neutral society.

Policies on Climate Change Issues

➢Basic Policy

・Aim to make the Sumitomo Corporation Group carbon neutral by 2050 (*1). Develop technologies and business models for creating sustainable energy cycle by reducing CO2 emissions and achieving negative emissions (*2) for society as a whole.

・In addition to reducing and absorbing CO2 emissions from our businesses, we will contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.

➢Policy on Business Activities

・Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO2 emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.

・In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environment burdens in the power generation portfolio.

・Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050.

- We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction). For IPP business, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and we will end all the coal fired power generation business in the late 2040s.
- We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by the end of the 2020s. We will only undertake upstream gas development that contribute toward society's energy transition.

*1 The scope of business targeted for carbon neutralization is as follows:

[Scope 1・2] Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope 3] Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method. Carbon neutrality means net-zero CO2 emissions that combine CO2 emissions from our business and our contributions to CO2 emission reduction.

*2 Negative emission refers to the absorption, capturing, and removal of CO2 emitted in the past and accumulated in the atmosphere.

2024102503997

■ Disclosure on TCFD Recommendations

For details of information on the fiscal year 2023, please refer to the sustainability page in our website.

To identify the risks and opportunities arising from climate change and apply them to our business activities, we supported the TCFD recommendations in March 2019, and since then we have made disclosures based on the TCFD framework.

We also disclose information on climate change initiatives based on TCFD. Please refer to our Sustainability page in our website for the details of our disclosure for FY2022. The progress of our efforts in FY2023 will be disclosed on the Sustainability page of our website.

1. Governance

(a) Overseeing

The Board of Directors is responsible for making decisions on important management matters based on the Group's climate change-related risks and opportunities, and for supervising the execution of business operations. For details, please refer to "(1) Overall picture of Sustainability Management, 1. Governance, (a) Overseeing Sustainability Management".

The Board of Directors deliberates and determines on the formulation and revision of sustainability-related policies, important initiatives related to climate change, and the handling of important issues related to policies on response to sustainability issues, which are submitted to the Board of Directors after review by the Management Council and other bodies.

Also, the Board of Directors receives reports on macro-environmental analyses and responses to climate change issues several times a year and supervises the efforts of the business execution side.

(b) Execution of Duties

Management Council and executive management are responsible for decision-making on assessing, managing climate-related risks and opportunities, and execute necessary measures of the Group.

For more details, please refer to "(1) Overall picture of Sustainability Management, 1. Governance, (b) Execution of Sustainability Management."

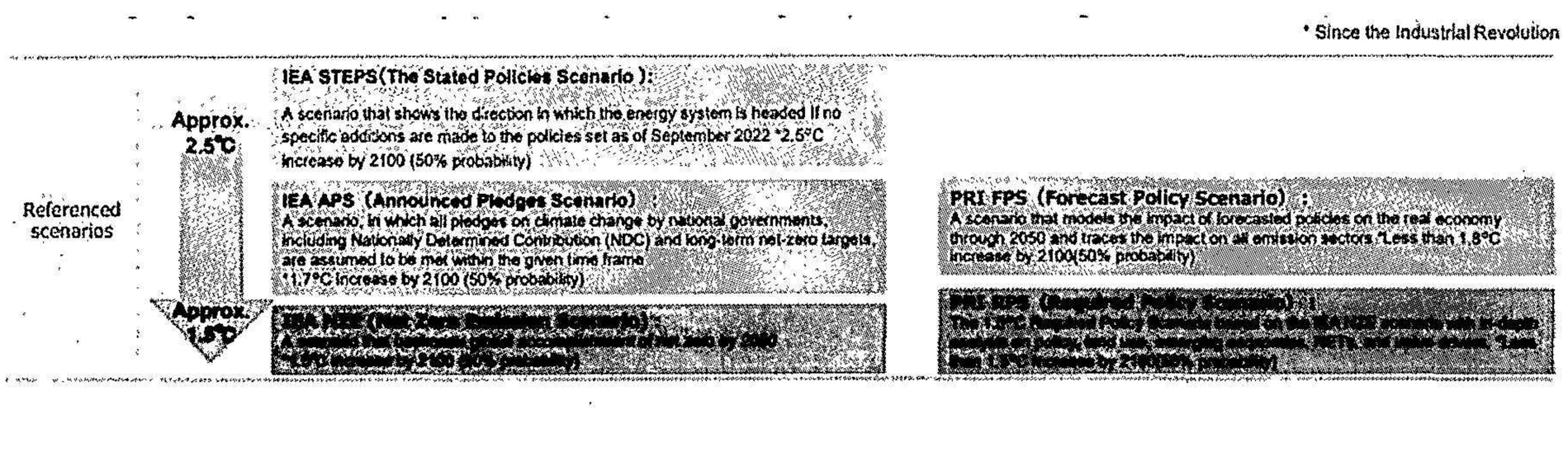
2. Strategy

We conducted a scenario analysis in accordance with the TCFD recommendations.

In analyzing scenarios, in FY2023, we took up following business models: Energy; Resources; Transportation; Material Industry; Real estate and others.

For the details of the analysis, please refer to the sustainability page in our website. We analyzed the impacts of transition risks and opportunities to our business models toward 2050, using IEA's and PRI's scenarios, in order to identify new business opportunities and assess businesses' resilience in the case of the occurrence of significant changes of our business environment. In terms of the timeframe of the analysis on risks and opportunities, we set mid-term: by 2030 and long-term points: by 2050.

The scenarios mentioned above are used as references to analyze our business activities and do not prejudge our future management policies and business strategies.



20241025039998

<Business models selected for scenario analysis>

Business models (Business Sectors)	Breakdowns of each business model
1. Energy	Thermal power generation (coal, gas), Renewable energy power generation, Next generation energy (hydrogen, ammonia, synthetic fuels, energy management, storage battery, CCUS)
2. Resources	Thermal coal and coking coal, Iron ore, Natural gas and LNG, Metals and rare metals (nickel, copper)
3. Transportation	Vehicles, Shipping, Aviation
4. Material Industry	Steel (steel sheets and tubular products), Cement, Chemicals, Aluminum
5. Real Estate	Office buildings/residential building
6. Others	Forestry

< Identified climate-related risks and opportunities>

Category	Identified risks and opportunities	Relationship with business models
Transition risks and opportunities	**Risks** Our business environment may presumably be affected by introducing regulations for reducing GHG emissions or decarbonization in the future, strengthening international climate actions, updates of each country's GHG reduction target and changes of technologies and market trends in broad industrial sectors. **Opportunities** Our business environment may presumably be affected by increase of societal needs for low-carbon and energy-saving products and services and creation of new climate-favored market, corresponding to introducing regulations for reducing GHG emissions or decarbonization and change of preferences of consumers.	Business models with relatively higher risks described left are electricity generation and energy resource; automobile; aircraft; shipping; steel; chemicals; cement; aluminum smelting; real estate. Throughout the analysis on these business models, we periodically recognize risks to affect our business activities in taken up business models and gravity of the risks and consider implementing necessary measures to minimize negative impacts on our performance. In order to take advantage of opportunities, we have been strengthening our business activities to contribute to realizing a carbon neutral society by formulating strategies including investing in potential businesses such as next generation energy and increasing evaluations of existing climate-related businesses through improving business efficiency.
Physical risks	**Chronic physical risks** Our business environment may presumably be affected by occurrence of average temperature increase, precipitation pattern change and sea level rise in a continuous and chronic manner. **Acute physical risks** Our business environment may presumably be affected by intensification of extreme whether events such as storms, floods, droughts, and forest fires in an acute manner.	We analyzed physical risks described left focusing on power generation including renewable energy, upstream energy resource, real estate, agriculture and forestry businesses as areas with relatively higher physical risks in terms of possessing larger scale assets or requiring more natural resources for their operation. We manage these physical risks by assessing impacts related to local weather conditions and geological factors before investing, conducting continuous assessment after involved, clarifying scope of contractual responsibility and securing coverage of damage insurance.

20241025039999

3. Risk management

Our business activities are comprised of a broad range of fields and regions and corelated with various social issues. Therefore, we formulated several policies to properly address social and environmental impacts resulting from our business activities and these policies are fully publicized in the Group in order to take account of the various social issues. In detail, we evaluate social and environmental risks and check each business plan on how to respond to the risks as a part of our deliberation processes when considering and executing new businesses. Especially on climate change, we assess following climate-related risks and opportunities resulting from various adverse effects and business environmental changes from climate transition, which may possibly have negative impacts on our business activities' feasibility:

- Impacts of climate change such as the frequent occurrence of natural disasters and extreme weather events;
- Impacts of introduction of regulations;
- Impacts of technological changes;
- Potentials of business expansion and performance improvement resulting from mitigation and adaptation actions in markets.

Regarding our existing business, we regularly monitor both companywide and individual business management status on social and environmental risks in order to make use of such monitoring information for strategic decisions. Regarding response to climate-related risks, we regularly report the Board of Directors and the Management Council about the risk information from which each Group collecting climate-related regulations and market's changes when it expands its businesses and the Corporate Sustainability Department collecting and analyzing global climate trends including specific climate actions and regulations. In case that there are any unacceptable risks from the perspective of risk management for our business portfolio, measures including reduction of exposures may be considered and executed in collaboration with organizations responsible for risk management.

4. Metrics and Targets

(a) GHG emissions and other climate-related metrics

■ CO2 emissions from the scope of the Group's carbon neutrality target

We set "Policies on Climate Change Issues" and aim for realizing carbon neutrality by 2050. The scope of business targeted for carbon neutralization includes the power generation businesses and fossil energy concession businesses in addition to Scope 1 and 2 of the Submitting Company and its subsidiaries. As for the results of power generation businesses, including the base year, we have included the estimated figures after the construction and operation of the businesses, even if the project is still under construction.

Preliminary figures of CO2 emissions from the scope of our carbon neutrality target by 2050 are as below. The finalized figures will be disclosed on our website in September 2024.

< CO2 emissions from the scope of the Group's carbon neutrality target > (Calculation scope is described as below *)

(Unit: thousand t-CO2e)

	Base Year FY2019	FY2022	FY2023	Rate of Reduction Compared to the Base Year
Business other than power generation	1,005	757	782	(22.2%)
Power generation business	43,126	42,613	39,632	(8.1%)
Fossil energy concession	15,808	9,203	11,192	(29.2%)
(Thermal coal mine business in fossil energy concession)	(12,538)	(8,035)	(10,164)	(18.9%)
Total	59,939	52,572	51,606	(13.9%)

(*) The specific scope of the calculation is as follows.

20241025040000

[Scope 1・2]

Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope 3]

Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method.

Carbon neutrality means net-zero CO2 emissions that combine CO2 emissions from our business and our contributions to CO2 emission reduction.

■ GHG emissions (Results of calculations based on GHG Protocol)

Preliminary figures of our greenhouse gas (GHG) emissions are described as below. Confirmed figures of our GHG emissions are to be published in the sustainability page of our website in September 2024.

GHG emissions are calculated based on our policy, referring to the GHG Protocol. In the calculation of GHG emissions, emission factors are based on data from "Calculation, Reporting, and Disclosure System" of Ministry of the Environment of Japan and 2021 country specific data of "Emission Factors 2023" of IEA.

Until the fiscal year 2022, we had been calculating Scope1 (other than CO2 emissions from energy combustion) including our subsidiaries' emissions on the condition that they emitted more than 3,000 t-CO2e in total of each GHG in accordance with "Calculation, Reporting, and Disclosure System" of Ministry of the Environment of Japan. From the fiscal year 2023, we have abolished the 3,000 t-CO2e threshold and calculate all emissions except for minor emissions.

<Scope1/2 GHG emissions> (Calculation scope is described as below*)

(Unit: thousand t-CO2e)

	FY2022	FY2023	Increase/(Decrease)
Scope1(CO2 emissions from energy combustion)	1,268	4,485	3,217
Scope1(Other than CO2 emissions from energy combustion)	260	45	(215)
Scope2	553	572	19
Total	2,081	5,102	3,021

(*) We apply the operational control approach recommended in the GHG Protocol to decide the calculation scope. Thus, we include all emissions from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the fiscal year 2022 method that we include emissions from joint operations corresponding to the investment ratio at the timing of end of March. Calculated on the same basis as FY 2022 results, Scope 1 and Scope 2 for FY 2023 are 5,169 thousand tCO2 and 588 thousand tCO2, respectively.

20241025040001

■ Internal Carbon Pricing

From April 2023, we have been operating an internal carbon pricing (ICP) system to calculate carbon emission costs, environmental values and avoided emissions. We utilize analysis from the system to consider companywide measures to create new climate-related business opportunities and check potential impacts on future businesses for decisions on investment.

In the ICP system, we use the outlook on carbon price of the Net Zero Emission Scenario (NZE) in the World Energy Outlook 2023 published by the IEA.

<Carbon price in our ICP>

($/t-CO2)

	2030	2035 (*)	2040	2050
Advanced economies with net zero emissions pledges	140	172.5	205	250
Emerging market and developing economies with net zero emissions pledges	90	125	160	200
Selected emerging market and developing economies (without net zero emissions pledges)	25	55	85	180
Other emerging market and developing economies	15	25	35	55

(*) Carbon prices in 2035 are average figures of 2030 and 2040 from the NZE in the World Energy Outlook.

(b) Climate-related targets

We set our carbon neutral target by the FY 2050 and its mid-term target to realize reductions of the Group's CO2 emissions by more than 50% by the FY 2030 compared to the FY 2019. The targets' objective is to play our role in actively contributing to realize carbon neutrality in society as stipulated in the Paris Agreement and other relevant international agreements.

The scope of the Group's carbon neutral target by 2050 includes direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included), and indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of the Group, its subsidiaries, and affiliated companies.

■ Reviewing and monitoring climate-related targets

The Group's climate change-related targets are reviewed by the Board of Directors after submission to the Management Council. For details, please refer to the section "(1) Overall picture of Sustainability Management, 1. Governance."

As metrics for monitoring the progress of our climate-related targets, we set Scope 1 and 2 emissions, and CO2 emissions from power generation, businesses, renewable energy generation capacity and indirect CO2 emissions from thermal coal mine business in fossil energy concession for monitoring the FY2035 target.

(3) Disclosure on Protecting Human Rights

As corporate activities expand globally, and as supply chains expand and become more complex across national borders, the impact of corporate activities on human rights is becoming increasingly significant. We declare in our management principles that we aim to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual, and we have reaffirmed our commitment to respect human rights by establishing "Sumitomo Corporation Group's Human Rights Policy".

We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

20241025040002

Sumitomo Corporation Group's Human Rights Policy

Established in May 2020

Sumitomo Corporation declares in its management principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact", which advocates for values common to its own management principles, including those regarding human rights and labor. We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within its group fulfill their responsibility to respect human rights. In addition, we encourage our suppliers and business partners to accept, understand and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations. When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

Education

Sumitomo Corporation will appropriately educate its executives and employees within its group in order to ensure that this human rights policy is understood and implemented effectively.

Reporting

Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

1. Governance

The governance of the Group's human rights is integrated into the overall governance of our sustainability management. For details, please refer to "(1) Overall picture of Sustainability Management, 1. Governance, (a) Overseeing Sustainability Management."

2. Strategy

(a) *Promoting Awareness and Understanding of Respecting Human Rights*

The Group's business activities cover a wide range of countries, regions and industrial fields.

In order to realize respect for human rights in our business activities, it is necessary for all our executives and employees to understand the concept of business and human rights, and to encourage suppliers and other business partners to work for respecting human rights throughout our supply chain. If the parties involved in the supply chain fail to understand the concept of business and

20241025040003

human rights, the adverse impact on related rights holders, such as employees and local communities, will be overlooked, and business activities will increase further adverse impact, resulting in deterioration of corporate performance due to stagnation in the supply of products and services, as well as deterioration of reputation. As a result, there is a risk of damage to corporate value. On the other hand, by working within the Group and supply chain, it is expected to strengthen the resilience of our supply chain and attract and retain human resources by enhancing our reputation.

We have established relevant policies such as "Sumitomo Corporation Group's Human Rights Policy" and "Sumitomo Corporation Group's CSR Action Guidelines for Supply Chains" and is making efforts to disseminate them to our employees and seek understanding and endorsement from the Group companies and business partners.

In addition, we are working on individual policies for major natural resources that require particularly sustainable procurement. In March 2022, we have established "Sumitomo Corporation Group Forest Management Policy" and "Sumitomo Corporation Group Sourcing Policy for Forest Products" regarding sustainable forest management and procurement of forest products. Based on these policies, we confirm our commitments to our forest management business companies and suppliers of forest products, including human rights, as stipulated in our procurement policies.

(b) Human Rights Due Diligence

In accordance with the Sumitomo Corporation Group Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020 so that we can identify, prevent, and correct how we address any adverse human rights impact that the Group business activities may cause or contribute to. In FY2021, we expanded applicability to all our businesses, and started conducting human rights due diligence by the business unit, according to our medium-term goal, of "Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025." To date, we have identified and assessed human rights risks in six business units. In addition to identifying and assessing human rights risks, this initiative has led to a better understanding of business and human rights among employees.

Please refer to our website for the results of the human rights due diligence.

In addition, e-learning on the necessity of respecting human rights throughout the supply chain and human rights issues that require attention in conducting business activities, including relevant policies and the results of human rights due diligence, is being rolled out to all employees on a non-consolidated basis. In the future, we plan to expand the program to overseas regional organizations and group companies.

(c) Grievance Mechanism (Whistleblower report for external stakeholders)

As we strive to identify human rights risks associated with our business activities and to prevent and mitigate adverse impacts on human rights through initiatives such as promoting awareness of respecting human rights and human rights due diligence, we recognize it difficult to avoid all adverse impact on human rights and important to promptly correct any adverse impacts that have occurred.

In addition to an internal whistleblower system for employees, we accept opinions and grievance from external stakeholders, including the general public and customers.

Since FY2024, we have been a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a general incorporated association that provides a platform for redress of grievances in compliance with the UN Guiding Principles on Business and Human Rights, and we accept various opinions on human rights from external stakeholders on the platform provided by JaCER. We accept opinions through a third party with expertise to improve fairness and transparency. Besides, the content of grievance is reported to the management, including Chief Sustainability, DE&I Officer and the Corporate Sustainability Committee, to ensure that issues are corrected and prevented from recurrence in a timely and appropriate manner.

2024102504004

3. Risk Management

(a) Risk assessment of new investment

When conducting due diligence for making new investments, depending on nature of business and risks, we engage outside experts to check that the business is soundly managed and does not have serious impacts on stakeholders by using environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the specifics and risks of each business. In April 2020, we have prepared a self-assessment sheet on relevant social and environmental risks to be used at the time of investment application to identify anticipated risks and opportunities in terms of the nature and regional characteristics of each business. Decision-making is then carried out considering impacts on society and the environment. This includes having the Corporate Sustainability Department participate in discussions as a specialist organization that addresses social issues depending on the risk.

(b) Risk Assessment of Existing Businesses

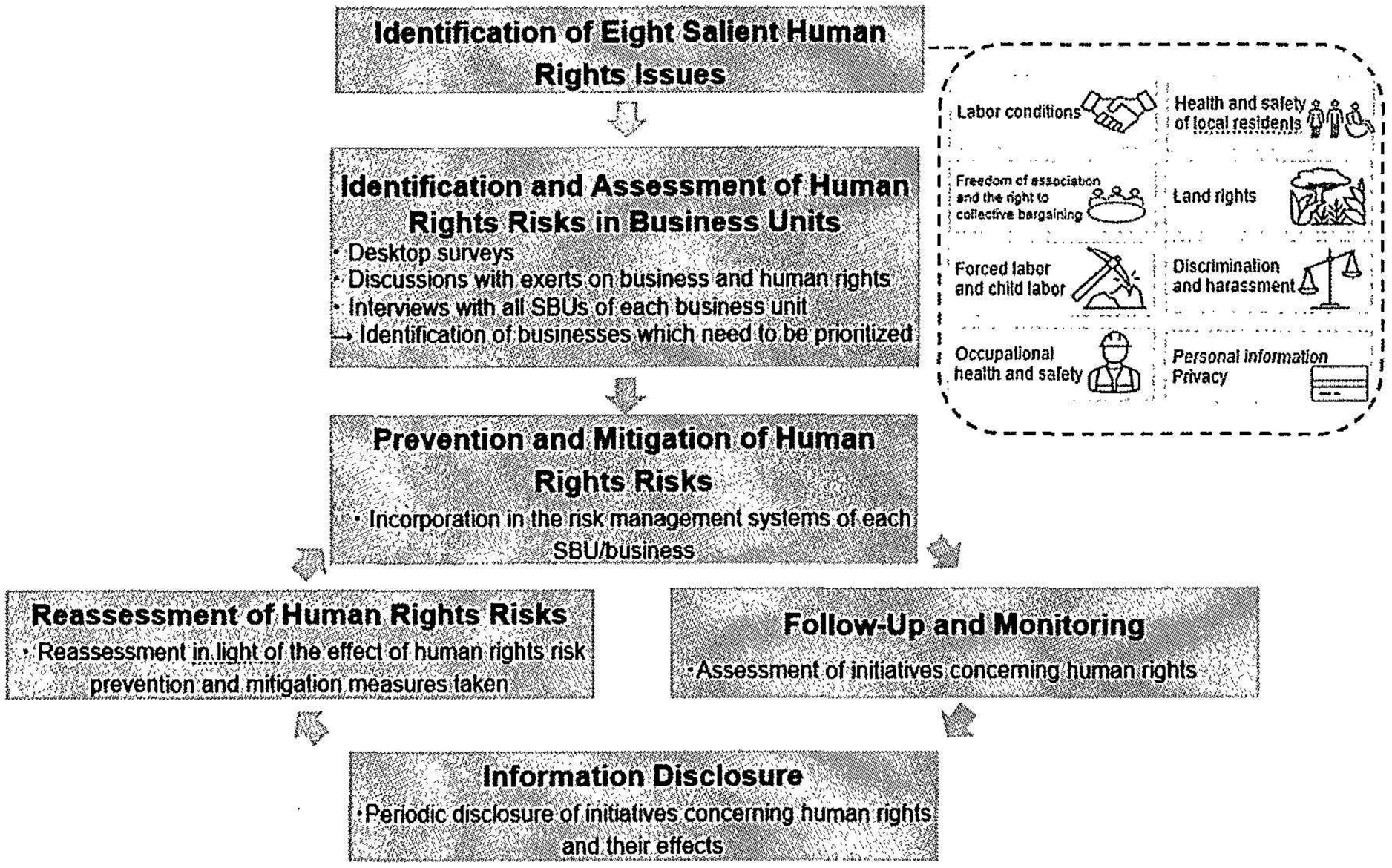
As mentioned above, we began human rights due diligence in 2020.

<Process of Human Rights Due Diligence in Business Units>

Interviewing all related SBUs of both business units with the support from outside experts, we confirmed the situation in each business and actual human rights risks including the impact of stakeholders, such as local residents and others related to the supply chain and business activities of each business. Besides, we identified potential risks that could be anticipated and discussed the status of any responses being taken. In light of these findings, and from the perspective of the possibility to materialize human rights risks which we identified and their severity if materialized, we prioritized SBUs, or individual businesses within SBUs, to focus our prevention and mitigation effort on, With the cooperation of the Corporate Sustainability Department and relevant SBUs and group companies, we are now considering and implementing concrete measures to prevent or mitigate the identified human rights risks.

Timelines and ways of responding to human rights risks vary according to a number of factors, including the severity of the risks and their level of involvement with each business. For this reason, each SBU and each group company should be responsible for their responses to the related human rights risks. For risks identified and assessed through our human rights due diligence, each SBU and each group company prioritizes the risks based on their severity of the impact, incorporates them into concrete action plans, and implements the plan-do-check-act (PDCA) cycle. Monitoring of the progress of such actions is then integrated into the following-up concrete initiatives aiming to achieve the long-term and medium-term goals to address key social issues of the Group, continually checked and regularly reported to, the Management Council and the Board of Directors from the Corporate Sustainability Committee for further discussion.

2024102504005



* Also promote human rights due diligence in SBUs/businesses other than those identified in human rights due diligence by department.

(c) Response to the Report regarding Human Rights

Various human rights concerns raised by internal and external stakeholders through our grievance mechanism and group companies are reported to the management, including Chief Sustainability, DE&I Officer and the Corporate Sustainability Committee, to ensure that issues are corrected and prevented from recurrence in a timely and appropriate manner. The progress and measures taken are discussed and reported to the Corporate Sustainability Committee and the Management Council, depending on the importance of the issue.

4. Metrics and Targets

In 2020, we have identified "Respect for Human Rights" as one of the six key social issues the company needs to address, set long-term and medium-term targets, and implemented initiatives to achieve them by setting specific goals and action plans in each SBU. For details, please refer to "(1) Overall Picture of Sustainability Management, 2. Strategy, (a)Identification of material social issues and setting and implementation of medium- to long-term targets."

In addition, our six key social issues have been integrated into a new materiality, "Respect human rights", and established long-term and medium-term goals for address the Issue.

Material Issues	Long-term goals	Medium-term goals
Respect human rights	Respect the human rights of all stakeholders in all businesses and supply chains	Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy • Reduce human rights risks by further strengthening human rights due diligence and grievance mechanisms across the entire supply chain • Promote initiatives and improve transparency through stakeholder engagement and enhancement of information disclosure Ensure a safe workplace environment

20241025040006

For details on the progress of human rights initiatives in FY2022, please refer to the sustainability page of our website. And the progress of our initiatives in FY2023 are to be published in the sustainability page of our website in September 2024.

(4) Disclosure on Human Capital

1. Governance

Important HR management policies, strategies, and measures are discussed at meetings of the Management Council. The Board of Directors defines directions and engages in supervision and monitoring accordingly.

2. Strategy

Policies on Human Resources Development and Maintenance of Working Environment (Including the Ensurance of Diversity)

The Group, through our "Global HR Management Policy" established in September 2020, presents a vision for global human resources management. With this as the foundation of all HR initiatives, we will implement HR management to foster an environment that creates new value.

The visions for SC people and the SC organization to be achieved by this policy are as follows.

Vision for SC People (Top-Tier Professionalism)
A group of individuals "creating new value on a global scale, sharing SC Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit".
Vision for SC Organization (Great Place to Work)
An organization recognized for nurturing talent that continuously take on new challenges throughout the world by building a Great Place to Work on a global scale, where individuals continuously and passionately create new value.

The Group has a diverse workforce made up of people who have different lifestyles and values in addition to differences in gender and nationality. The Global HR Management Policy therefore defines "Diversity, Equity & Inclusion" as "the core enabler for value creation, innovation and competitiveness", and we strive to eliminate all barriers to diversity, equity and inclusion and leverage our mix of diverse wisdom to pursue the realization of our shared vision.

We have promoted respective measures in accordance with the following four principles, set in the Medium-Term Management Plan "SHIFT 2023".

- Human resources management reform to realize the Global HR Management Policy
- Promotion of Diversity, Equity & Inclusion
- Promotion of the right talent to the right assignments on a global basis
- Health and productivity management and work style reform

＜Human resources management reform to realize the Global HR Management Policy＞

Initiatives based on these principles are deployed based on the new HR system introduced by the Company in FY2021. Such initiatives include the creation of an environment in which employees can demonstrate their capabilities to the fullest, from various aspects such as recruitment, retention, development and assignment of talent, the introduction of a job grading system for managers, and the maximization of organizational performance by optimally allocating the best talent with an emphasis on expertise and skills, including expanded mid-career recruitment and the active promotion of locally hired employees to executive positions at overseas locations. The Global HR Management Policy declares that the Group "values the fundamental significance of talent development" and "encourages individuals to grow proactively by continuously learning with a heightened sense of awareness." Since we regard talent as important management capital for the Group, we offer opportunities for all individuals, regardless of their age or job position, to continuously and proactively learn and acquire knowledge and skills required in their respective global fields. More specifically, we offer career development training programs at the Company to help employees raise their level of professionalism and demonstrate it in work performance, and training programs to strengthen "people management skills" to ensure that supervisors

2024102504007

can communicate closely with and motivate each subordinate and lead a group of diverse individuals for the growth of both the organization and individuals. In addition, to provide employees with opportunities to acquire knowledge and skills required for business management, we operate long-term or selective training programs on an ongoing basis. We are striving to strengthen our initiatives for talent development, to support individuals to enhance their performance in their respective fields and contribute to the growth of the Group's value.

＜Promotion of Diversity, Equity & Inclusion＞

We recognize "Diversity, Equity & Inclusion" as "the core enabler for value creation, innovation and competitiveness", and aim to create an environment in which diverse individuals maximize their potentials and continue to generate new values and innovation without any bias based on nationality, age, gender, sexual orientation, gender identity or any other individual attributes and without being restricted by any conventional values. We promote this as an essential management strategy to have a competitive advantage. Our Diversity, Equity & Inclusion measures at our head office in Japan as well as at our Japan and overseas regional offices are developed and implemented according to their respective local circumstances. As part of continuous awareness-building to establish Diversity, Equity & Inclusion in the organizations, from FY2021, we set up a specific period to intensively hold Diversity, Equity & Inclusion related programs such as messaging from top management, various training programs, roundtable discussion workshops with employees, collaboration event with special subsidiary and Femtech exhibition (called Diversity Weeks). The Company regards encouraging active involvement of women in business as an important pillar of Diversity, Equity & Inclusion. We are simultaneously promoting intangible initiatives such as reducing long working hours, encouraging employees to take paid leave, and raising employee awareness, in addition to tangible initiatives, such as establishing various systems that exceed legal requirements, from the perspective of supporting a balance between life events and career development. Since these continued efforts were highly acclaimed, the Company was awarded Platinum "Kurumin" certification by the Minister of Health, Labour and Welfare and certified by the Minister of Health, Labour and Welfare as an "Eruboshi" company of the second-highest class. In FY2023, the Company was certified by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a"Next Nadeshiko: Companies Supporting Dual-career and Co-parenting".

(Specific Examples of Efforts)

- A support program for employees with overseas assignments to accompany only their children
- A handbook for employees to support the balance between work and childcare or family care
- Childcare consultation services and individual consultation sessions with family care experts
- Collaboration with childcare facilities
- Implementation of training related to unconscious bias and various other seminars
- Initiatives for LGBTQ+ (welfare and HR systems applicable to same-sex partners, installation of universal restrooms for everyone regardless of gender, etc.)

＜Health and productivity management and work style reform＞

The Company adopted the "Declaration of Iki-iki Waku-waku Health and Productivity Management" based on the concept that a healthy mind and body are essential for each employee to perform at his or her highest level and are the foundation for the continuous creation of new value.

Furthermore, the Company has introduced a teleworking system and a super-flextime system with no core time to encourage employees to have high-value added, output-oriented work styles in pursuit of work styles that allows diverse individuals to maximize their abilities and maximize the output of the organization. Owing to company-wide efforts to entrench these systems and to raise employee awareness, the Company was selected as one of the "Top Hundred Telework Pioneers" by the Ministry of Internal Affairs and Communications in 2019, and was given the Shining Telework Awards presented by the Minister of Health, Labour and Welfare in 2020.

In FY2022, we replaced our employee awareness survey (conducted once every three years) with an engagement survey (conducted once a year) to investigate the connection between individuals and the organization as well as employee willingness to make voluntary contributions. We also established a cross-organizational working group of employees to identify and begin addressing

20241025040008

areas requiring improvement.

Throughout all of the foregoing measures, we will leverage the power of our diverse talent as a source of competitive strength and will continuously create new values and seek further growth and corporate value enhancement for the entire Group.

3. Risk Management

The regions, fields, and business models in which the Group operates are dramatically diversifying, and the environment is changing unforeseeably at a substantial pace. There is always the possibility that business expansion will require talent with a high level of expertise and experience in a particular field. In order to secure top-tier internal and external professionals, we strive to create a more attractive work environment through measures such as hiring year-round, promoting health management and work style reforms, and fostering a culture and awareness of Diversity, Equity & Inclusion that accepts and leverages diverse values and ideas.

4. Metrics and Targets

Indicator	Goal
1. Employee engagement index and employee enablement index	Improvement year-on-year
2. Female manager ratio, Female Department General Manager ratio, and Female Director and Audit & Supervisory Board Member ratio	<Goals to be achieved by FY2030> Female Manager ratio: 20% or more Female Department General Manager ratio: 10% or more Female Director and Audit & Supervisory Board Member ratio (*): 30% or more

(*) These numerical targets are based on the Company's support for "Challenge toward 30% by 2030" announced by KEIDANREN (Japan Business Federation) in March 2021.

(a) Employee engagement index and employee enablement index

We believe that by implementing measures based on the Policies on Human Resources Development and Maintenance of Working Environment (Including the Ensurance of Diversity) above, we will realize the "Vision for SC People (Top Tier Professionalism)" and "Vision for SC Organization (Great Place to Work)" stated in the Global HR Management Policy. In this process, we believe that the employee engagement index and employee enablement index, which are assessed by the engagement survey (once a year), will improve, and have set the goals for the Company as shown in the table above. The engagement survey was conducted only for the Company in FY2022 and conducted on a global basis from FY2023, including Sumitomo Corporation's Japan and overseas regional offices. As a result, only for the Company, both the employee engagement index and employee enablement index improved compared to FY2022.

(b) Female manager ratio, Female Department General Manager ratio, and Female Director and Audit & Supervisory Board Member ratio

To foster female professionals active in various fields globally on an ongoing basis, the Company has set the above goals to be achieved by FY2030 in light of the present circumstances. The results are as follows.

	April 2023	April 2024
Female Manager ratio	8.4%	9.6%
Female Department General Manager ratio	1.4%	2.4%
Female Director and Audit & Supervisory Board Member ratio	18.8%	18.8%

20241025040009

3. Risk factors

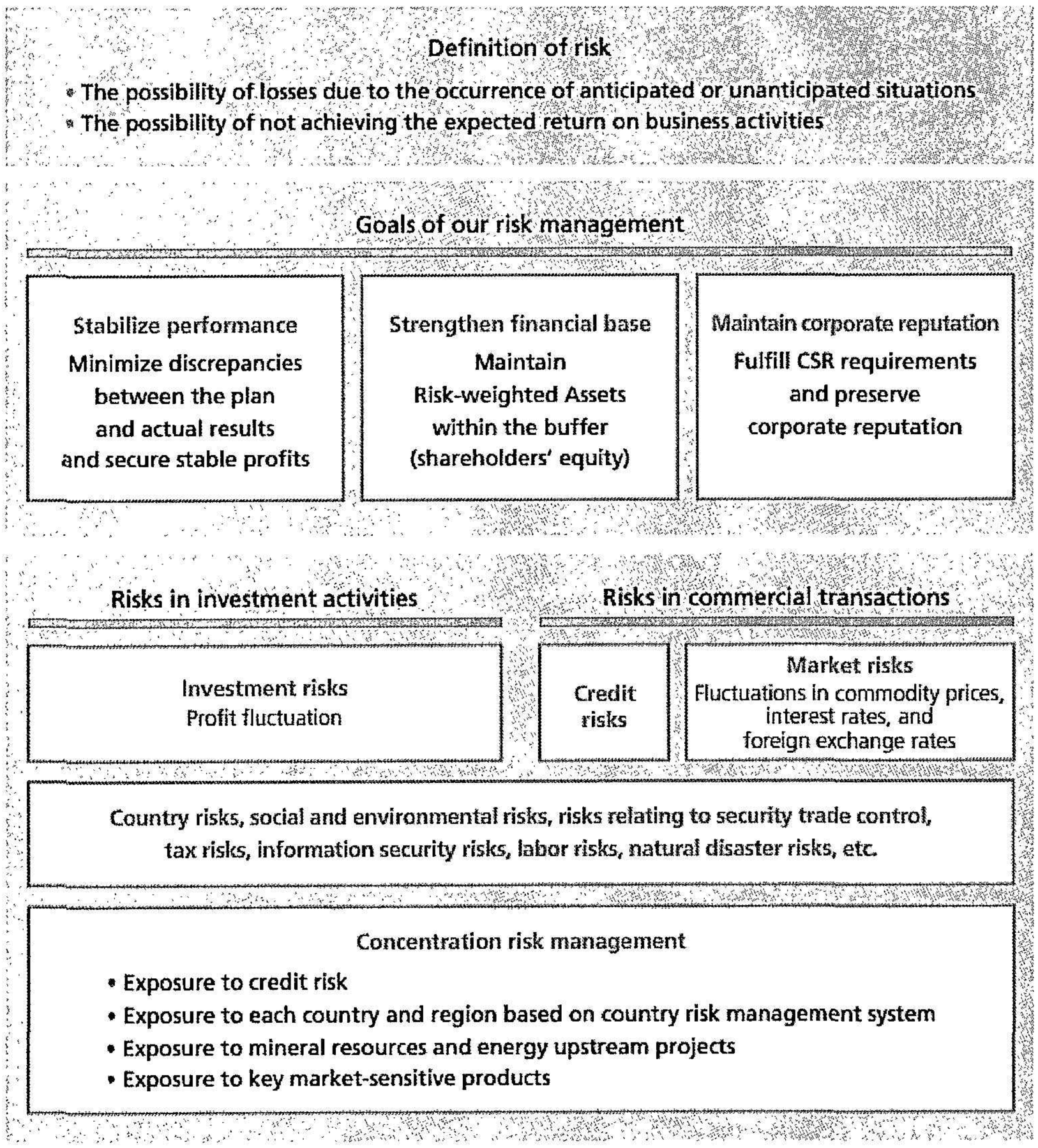
The following is a list of risks related to our business that may have a significant impact on the decisions of investors.
Unless otherwise stated, the future information is based on the Company's judgments, plans and forecasts based on certain assumptions as of the end of the current consolidated fiscal year, and may not be realized due to various factors. There is also a possibility that the Medium-Term Management Plan, which is formulated based on some forecasts, may be revised or may not be achieved.

(1) Basic Risk Management Policies and Systems of the Company's business

We define "risk" as "the possibility of losses due to the occurrence of anticipated or unanticipated situations," and also as "the possibility of not achieving the expected return on business activities." We have set the following three items as the goals of our risk management activities.

1. Stabilize performance
2. Strengthen financial base
3. Maintain corporate reputation

We categorize our business activities into investments and commercial transactions, identify both common and category-specific risk factors and analyze and evaluate probability and impact of the risk factors.



20241025040010

(2) Risks pertaining to business investment

1. Overall

The Company has 633 consolidated subsidiaries and 251 equity-accounted investees as of the end of this consolidated fiscal year. The Company faces the potential risk of being unable to reap the expected gains from investments made in consolidated subsidiaries and equity-accounted investees or to recover the invested funds due to technological innovations and other environmental changes or due to operational reasons such as loss of key customers, escalation of raw material costs, and of being forced to assume additional financial burdens when withdrawing from these investments. To manage these risks, the Company has introduced a number of programs that can be broadly divided into monitoring when making new investments and monitoring after investments have been made.

(a) When making new investments

The Company identifies "investment topics" from the initial stages of investments and verifies them on a prioritized basis through due diligence. In addition, the Company makes both qualitative and quantitative assessments by, calculating the "fair price" of investment targets through the application of discount rates corresponding to these industry/business risks, as well as evaluating investment opportunities through strict investment discipline which was established in 2021 based on a comprehensive analysis of factors such as missed targets and losses incurred in past major investments. Decisions on investment matters at each stage of consideration and execution are made at meetings of business unit investment committees, or the Company's Investment Committee in keeping with the scale and importance of these matters. These committees convene early on to conduct in-depth discussions on the strategic positioning of investments, the background/reasons for investment selections, and the conditions determining the success or failure of investments.

(b) After making investments

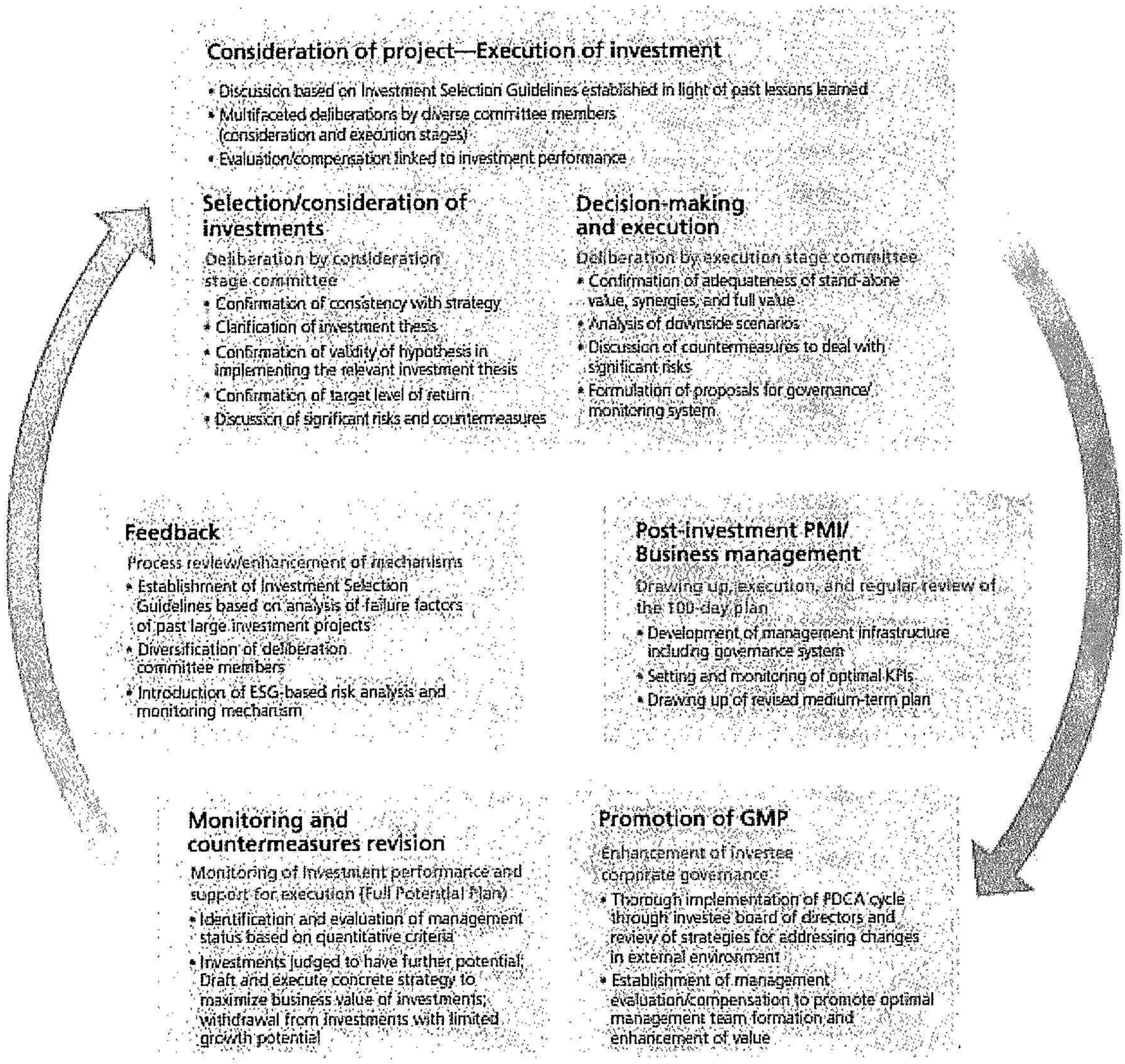
With regard to post-investment execution support, issues are clarified before the decision to invest is made, and a system has been established to work on resolving smoothly any issues that emerge after the investment has been made. For especially important projects, in addition to the "100-day plan (*1) execution support system," which provides integrated support functions, a "Focused Follow Up System" has been established that consists of plans to improve performance, and following up of project execution, provided by the Company Investment Committee. In addition, we introduced a "full potential plan" investment monitoring system that is intended to improve the quality of the investment portfolio in fiscal 2018. Investment targets are evaluated mainly using quantitative indicators, such as ROIC/WACC that measures whether a return on invested capital (ROIC) exceeds the weighted cost of capital (WACC), and categorized into "Satisfactory," "Not Satisfactory," and "Not Good." As for "Not Satisfactory" and "Not Good," we monitor the ongoing performance, the progress of turnarounds, and the status of efforts to exit on a quarterly basis. On the other hand, if it is judged that the turnaround is not sufficiently certain to be realized, the turnaround roadmap will be reviewed, and if it is still judged that a turnaround will be too difficult to achieve, the investment will be designated as "Exit." We are working to reposition our business portfolio with an aim to achieve both higher profitability and resilience through these value-creation measures based on a clear time frame. In addition, with the aim of enhancement of group governance we are working to improve the quality of operations at group companies by making management more visible via the setting of appropriate KAIs and KPIs, forming optimal management teams, and designing compensation for management that promotes the enhancement of business value.

Furthermore, to enhance commitment of our people in charge to value-up of the investment portfolio, a new incentive plan linked to performance of each of new invested companies was implemented.

(*1) Activities, performed mainly in the first 100 days immediately after the investment has been executed, to construct and develop management infrastructure aimed at drawing up a medium-term plan that seeks to maximize business value, including management of the investment, and which management and financial indicators should be used as targets.

2024102504011

Investment risk management framework



2. Risks pertaining to mineral resource and gas development/production

The Company is involved in numerous countries in developing mineral resources, gas and other resources, and it thereby assumes risks such as those described below. Should these risks surface, the Company's business performance and financial standing could be adversely affected, so efforts are being made to control these aforementioned risks through portfolio management.

(a) Increases in development costs above those anticipated in the plan, or construction delays

(b) Changes in reserves identified after the star of a project despite suitable geological surveys having been conducted by hired experts prior to the project

(c) Production volumes failing below, or production costs rising above, planned figures due to technical issues encountered during operations, etc.

(d) Plans not being realized for reasons attributable to the project host country's government, including delays in acquiring/renewing licenses and other authorizations, changes to tax regimes, confiscation of business assets and infringements of rights

20241025040012

(3) Risks by type

1. Credit risks

The Company extends credit to its business partners via trade receivables, advance payments, loans, guarantees and other means, and thus bears credit risks. The Company mainly uses derivative trading for hedging purposes, and such trading also entails counterparty credit risks.

The Company strives to manage such risks by checking the creditworthiness of its customers based on its own internal rating system, acquiring collateral and guarantees, and diversifying customers. In preparation against the aforementioned credit risks, allowances for credit losses are set based on the creditworthiness of its customers, the value of collateral and certain other assumptions, estimates and evaluations. However, the Company's business performance and financial standing could be adversely affected if these customers or counterparties were to fall into insolvency, default, etc.

2. Risks pertaining to changes in commodity market conditions

The Company group trades various commodities such as metals and energy, and thus bears the risk of fluctuations in the prices of those commodities.

The Company strives to reduce risks by establishing a management system that sets quotas for each commodity, by engaging in hedging and by setting position and loss limits for mainstay commodities, and it ensures a separation of duties by creating middle back offices.

In addition, the Company group directly or indirectly holds interests in mineral, crude oil and gas resources, and thus bears the risk of commodity price fluctuations. The Company has established a hedging policy and, if judged necessary, controls the risk of a downturn in business performance by hedging with derivatives or other means.

3. Country risks

The Company engages in commercial transactions and business activities in more than 60 countries, including Japan, and business delays and suspensions resulting from changes in the business environment stemming from political, economic and social conditions in the countries concerned may have an adverse impact on the Company's business performance and financial standing. The Company takes steps to avoid these risks, such as acquiring insurance coverage for each endeavor, setting target upper limits for exposure in line with in-house country ratings, and carefully maintaining an appropriate diversification of its business portfolio by applying exposure management to each country.

The Company has put the utmost importance on the safety and security of its stakeholders, including the Group's officers and employees, their families, and business partners operating in the region related to Russia and Ukraine.

In addition, the Company's management council, headed by the President and CEO, is making decisions following discussions with its business partners and stakeholders, pursuant to the Company's crisis response policy.

4. Risks pertaining to changes in interest/ exchange rates

The Company procures business funds by borrowing from financial institutions or issuing corporate bonds and commercial paper. It may also extend credit to its business partners in the form of trade receivables, advance payments, loans, guarantees and other means. The revenues and expenses resulting from these transactions as well as the fair values of assets and liabilities may be affected by interest rate fluctuations.

The revenues and expenses arising from foreign currency-denominated investments and transactions carried out by the Company, the yen equivalents of foreign-currency denominated receivables and payables as well as the yen equivalents listed in the financial statements of overseas consolidated companies prepared in foreign currencies may be affected by fluctuations in exchange rates.

The Company uses derivatives to avoid the risks of interest rate and foreign exchange rate fluctuations, but there is no guarantee that these risks can be fully avoided.

20241025040013

5. Risks pertaining to changes in stock markets

Investments in stocks issued by Japanese companies account for a large percentage of the marketable securities held by the any, and future declines in Japanese stock markets could cause fluctuations in the fair value of these securities that could adversely affect its business performance and financial standing. The Company's corporate pension fund also manages some of its pension assets with marketable securities, so there is the risk that a decline in stock prices could reduce pension assets.

6. Risks pertaining to price drops for real estate and other fixed assets

The Company is engaged in developing, leasing, maintaining and managing office buildings, commercial facilities, and residential real estate both inside and outside Japan, so the Company's business performance and financial standing could be adversely affected if real estate market conditions were to worsen.

If land prices and rental prices decline, it may become necessary to recognize impairment losses for the carrying amount of land and buildings for rent as well as land for development and other real estate owned by the Company.

In addition to real estate, other fixed assets owned by the Company are also exposed to the risk of impairment, which could adversely affect the Company's business performance and financial standing.

7. Risks pertaining to information security

The Company recognizes the importance of information security, and it strives to manage information assets by establishing relevant regulations, educating executives and employees, and adopting technical measures to ensure information security. The Company is also working to strengthen information security in response to the diversification of information system usage environments, such as telework environments. Moreover, since most of the Company's business activities depend on information system functions, the Company is also working to ensure security in operating its information systems. Nevertheless, as cyber attacks become more sophisticated year by year, the Company's business activities could be adversely affected to a significant degree by information leaks, loss or damage or temporary suspensions of its business activities due to unexpected cyberattacks or unauthorized access from outside, virus or malware infections, information system malfunctions, etc.

To respond appropriately to these risks, efforts have been made primarily by the IT Strategy Committee chaired by the Chief Information Officer, to suitably manage information assets in line with the "Information Security Policy" established in October 2017. In addition, the Company is introducing system measures to counter external cyberattacks and unauthorized access and working in cooperation with outside expert organizations to obtain the latest information and respond appropriately and promptly.

8. Legal/compliance risks

The Company is subject to a wide range of laws and regulations as it engages in a broad range of business activities both in Japan and overseas. These laws and regulations span a wide spectrum—business and investment authorizations, import/export activities (including national security regulations), competition legislation, corruption/graft prevention, foreign exchange control, financial instrument transactions, personal information/data protection, human rights protection, environmental protection, consumer protection, tariffs and other taxes, etc.— and the Company could in future become subject to additional or new laws and regulations enacted by individual countries. The Company may face increasing burdens for legal compliance in emerging countries due to the lack of laws, unforeseen changes in laws, and changes in regulatory practices by judicial and administrative agencies.

The Company has a Chief Compliance Officer serving as the top corporate official responsible for compliance. The Chief Compliance Officer receives advice from the Compliance Committee on planning, drafting and implementing compliance measures, and formulates/ executes appropriate compliance measures. The Sumitomo Corporation Group Compliance Policy, based on the Company's existing Compliance Guiding Principles, was prepared to stipulate the basic compliance approaches applicable to the entire Group, and efforts are being made to forestall compliance issues by inculcating awareness of the need to "give first priority to compliance" into the Group as a whole through seminars and other continuing educational activities as well as by thoroughly encouraging Group personnel to "report compliance issues immediately," meaning that, should compliance issues arise, employees must report these without delay to their superiors or to the relevant in-house organizations and then implement the best measures.

20241025044014

However, if officers or employees of the Company or the Group fail to comply with current or future laws and regulations, the Company/Group may be subject to fines or other penalties, restrictions in our businesses (operations) or damage to our credit, and this could have a seriously adverse impact on the Company's/Group's business development, business performance, financial standing and credit.

9. Risks relating to litigations, etc.

The Company is involved in litigation and other disputes in Japan and overseas, and litigation or claims not developing to that level may arise suddenly in the course of doing business.

Due to the inherent uncertainty of lawsuits and other disputes, it is not possible to predict the ultimate outcome of the lawsuits and other disputes in which we are involved at this time. There is no assurance that we will prevail in any lawsuits and other disputes or that the Company's/Group's business performance, financial standing or credit will not be materially adversely affected by such actions in the future.

10. Social/environmental risks

The Group is engaged in business across multiple domains in different countries and regions around the world, and its business activities have various impacts on the global environment and local communities as well as on customers, executives, employees and other stakeholders. Accordingly, if the Group's business activities were to have a negative impact on people's human rights or the global environment, the Group could see its financial standing undermined, its credit damaged or other consequences incurred due to the additional costs that might arise in the course of eliminating or mitigating the impacts, paying compensation for damages, etc. and business suspensions.

The Group has established an "Environmental Policy," a "Human Rights Policy" and "CSR Action Guidelines for Supply Chain Management" that take social and environmental considerations into account with the aim of achieving sustainable growth alongside society as a whole and thereby clarified its approaches to social and environmental issues. We have also established and are practicing on separate policies for major natural resources that require sustainable procurement. To adequately control the social and environmental impacts of its business activities, the Company examines the social and environmental implications and impacts of each business as well as the management of these before making new investments, and a Group-wide framework for social and environmental risk management inclusive of regular monitoring has been put in place for use after investments have been made.

To address the important global issues of climate change, policies have been set out to help resolve climate change issues that must be addressed for the sake of sustainable social development and to realize a carbon-neutral society through the Group's business activities. We are promoting initiatives such as a continuous shift to a business portfolio with a lower environmental burden including a shift to renewable energy in the Group's power generation business. In addition, regarding respect for human rights, we have been conducting a human rights due diligence covering all of our businesses and supply chains with the goal of ensuring that human rights are respected in all of the Group's businesses and supply chains. Through this initiative, we will identify human rights risks and then work to minimize and prevent the potential risks.

11. Risks pertaining to natural disasters, etc.

Natural disasters such as earthquakes, tsunamis, torrential rains, or flooding as well as infectious diseases such as new strains of influenza in countries or regions in which the Company operates could adversely affect its businesses. In preparation for earthquakes and other disasters, the Company has put together disaster countermeasure manuals and Business Continuity Plan (BCP), developed an employee safety confirmation system, stockpiled disaster supplies, conducted disaster drills, made buildings/systems earthquake resistant, backed up data and taken other needed measures, but there is no guarantee that damage from a disaster can be fully avoided through such measures.

20241025040135

12. Operational risks

The Company is engaged in business across a wide range of domains through its business units, regional organizations in Japan and overseas, and Group companies around the world, making it necessary to establish suitable internal controls for each organization. Nevertheless, establishing proper internal controls will not guarantee that administrative errors, misconduct on the part of executives and employees or other operational risks can be completely prevented. The Company may see its financial standing deteriorating, its credit be undermined or its operations otherwise adversely affected by such administrative errors or misconduct. To minimize these risks as far as possible, we have established basic regulations on internal controls and are working on enhancing group governance and improving the overall quality of groupwide operations through the development, operation, evaluation, and improvement of appropriate internal controls.

13. Risks pertaining to fund liquidity

The Company procures business funds by borrowing from financial institutions or issuing corporate bonds and commercial paper. Should turmoil strike financial markets or financial institutions reduce lending or should the Company's credit rating be significantly downgraded by rating agencies, the Company could see its fund procurement restricted, e.g., being unable to procure needed funds at the time needed with the desired conditions or facing higher procurement costs, and this could adversely affect the Company's business performance and financial standing. For this reason, the Company is working to secure sufficient liquidity by utilizing cash and deposits, commitment lines, etc., and to diversify its procurement sources and methods, aiming thereby to "enhance financial soundness."

14. Risks pertaining to deferred tax assets

The Company and its consolidated subsidiaries assess the recoverability of deferred tax assets by utilizing all currently available information about the future, including the feasibility and timing of tax-free amortization of taxable assets as well as the future taxable income of the Company and its consolidated subsidiaries. The Company and its consolidated subsidiaries have booked those deferred tax assets they deem to be recoverable, but the recoverable amounts could fluctuate due to future tax system revisions, such as changes in taxable income estimates and changes in statutory tax rates. If future taxable income forecast falls below the current tax planning forecast because worsened business conditions prevent achievement of business plan targets, the recoverable amounts of deferred tax assets will decrease, as will the value of the deferred tax assets, and this could adversely affect the business performance and financial standing of the Company and its consolidated subsidiaries.

15. Risks related to human capital

The regions, fields, and business models in which the Group operates are dramatically diversifying, and the environment is changing unforeseeably at a substantial pace. There is always the possibility that business expansion will require talent with a high level of expertise and experience in a particular field. In order to secure top-tier internal and external professionals, we strive to create a more attractive work environment through measures such as hiring year-round, promoting health management and work style reforms, and fostering a culture and awareness of Diversity, Equity & Inclusion that accepts and leverages diverse values and ideas.

However, our business may be adversely affected if there is a rapid increase in demand for a particular expertise due to rapid changes in business models, or if the labor market for such expertise is not fully mature and our efforts to recruit and train talent do not go as planned.

(4) Concentration risks

There is a risk that the Group's business dealings and investment activities will concentrate its exposure in specific countries, sectors or business partners. The Group's business performance and financial standing could be adversely affected if it is unable to obtain the expected returns or if it suffers losses due to a worsening business environment, etc.

The Company has in place a country risk management system to prevent excessive concentration of risk exposure in specific countries/regions. To avoid excessive concentration in specific business domains and build a well-balanced business portfolio, the

20241025040016

Strategy Conference as well as the Investment Committee, a deliberative body for large-scale and important projects, engage in suitable discussions on the amount of risk assets to be allocated to specific business units and business lines. The Group regularly monitors the status of business partners with whom the Group has a large number of contracts or high loan balances in the following specific ways:

- Operations in countries in which the Company has a significant exposure are carefully managed using the country risk management system mentioned above.
- Project values are regularly monitored for upstream resource and energy projects.
- Transactions with business partners with whom the Group has a large number of contracts or high loan balances, the financial standing of these business partners and other relevant information is regularly monitored and managed.

20241025040017

4. Analysis of Financial Condition and Results of Operations

The Companies have applied IAS 12 "Income Taxes" (amended in May 2021) from the three-month period ended June 30, 2023, and the amounts for the previous fiscal year are presented on a retrospective basis.

(1) Economic Environment

The global economy in this fiscal year continued to trend toward modest recovery overall. The pace of economic growth was varied depending on the country and region. In the United States, although monetary tightening policies were adopted, the US economy was supported by brisk internal demand, employment and prices were stable, and economic activities trended solidly in general. Meanwhile, Europe ushered in an economic slowdown although the upward trend in prices subsided. In China, the ongoing real estate issue weighed down an economic recovery. In particular, prices declined in contrast with those in the United States and Europe, exhibiting warning signs of potential deflation.

Uncertainty has increased in the international community, reflecting the fighting between Israel and Hamas while there are no signs of a resolution to the situation between Russia and Ukraine. This impact is a threat to the safety of navigation, including ocean vessels sailing near the Red Sea coming under attack by extremists. Coupled with the traffic restrictions placed on the Panama Canal around that time, chaos continues, including maritime transport being forced to make substantial detours.

In the international commodity market, among energy-related products, prices for natural gas have settled at low levels owing to an ease in supply-and-demand due to warm winter trends globally. Petroleum prices are trending stability due that there are signs of delay in the recovery of petroleum demand while the benefits of coordinated production cuts by oil-producing countries have been limited. Meanwhile, the lull in metal prices has strengthened mainly reflecting a delay in recovery in Chinese economy.

The economy in Japan has been seesawing. Although a modest recovery has been ongoing, there are signs that domestic demand in Japan has taken a weak tone due to the impact from rising prices. In addition to production shutdowns in a part of the manufacturing industry, the Noto Peninsula Earthquake, which struck in January 2024, was a factor that exerted downward pressure on Japanese economic activities. Elsewhere, given the establishment of laws and financial policies in Japan to realizé GX (green transformation), a global trend, and process in creating an environment, including the issuance of transition bonds to procurement financing, medium-to-long-term activities have become brisk at companies, mainly consisting of capex and R&D investments, thereby underpinning economic activities.

In foreign exchange rates, the yen once again lost out against the US dollar, reaching a new low for the first time in approximately 34 years, dipping below 150 yen/USD. This is primarily attributable to overall easing of financial policies by Japan and a retreat in expectations that the United States would ease its fiscal policies.

Moreover, the Nikkei 225 average stock price reached a new high underpinned by easy monetary policies and brisk corporate earnings, at one time trading above the 40,000-point level.

20241025040018

(2) Operating Results

	Billions of Yen			Millions of U.S. Dollars	Remarks
	2024	2023	Increase/ (Decrease)	2024	
Revenues	6,910.3	6,817.9	92.4	45,764	
Gross profit	1,342.5	1,234.8	107.7	8,891	- Automotive sales & marketing: strong - Construction equipment-related business: strong mainly in North America - Domestic electricity retail business: strong due to contract renewal and stable electricity procurement prices - Impact of selling silver, zinc, and lead mine in Bolivia (Feb. 2023)
Selling, general and administrative expenses	(927.6)	(811.7)	(115.9)	(6,143)	- Impact of personnel cost increase
Gain (loss) on property, plant and equipment, net (*1)	(30.7)	13.3	(44.0)	(203)	- Delivery of major projects in real estate business in FY2022 - Impairment loss in the Parking business in Nordic countries
Other, net	(30.0)	(3.2)	(26.8)	(199)	
Interest expense, net of interest income	(16.3)	(11.5)	(4.9)	(108)	
Dividends	13.7	20.1	(6.4)	91	
Gain (loss) on securities and other investments, net	3.7	29.1	(25.3)	25	- Profit from the sale of O&G business in the U.K. North Sea in FY2022
Share of profit (loss) of investments accounted for using the equity method	172.4	252.4	(80.0)	1,142	- Impairment loss in Nickel Mining and Refining business in Madagascar - Provision for doubtful receivables in telecommunications business in Myanmar - Impact of decline in mineral resources prices - Receipt of insurance proceeds in aircraft leasing business
Profit before tax	527.6	723.1	(195.5)	3,494	
Income tax expense	(101.5)	(123.9)	22.3	(672)	
Profit for the year	426.1	599.2	(173.1)	2,822	
Profit for the year attributable to: Owners of the parent	386.4	565.3	(179.0)	2,559	

(*1) Gain (loss) on property, plant and equipment, net =Sum of Impairment reversal (loss) on long-lived assets and Gain (loss) on sale of long-lived assets, net

(3) Operating Segment

We conduct business through six industry-based business operating segments (business units).

Our six business segments consist of Metal Products; Transportation & Construction Systems; Infrastructure; Media & Digital; Living Related & Real Estate; Mineral Resources, Energy, Chemical & Electronics. On April 1, 2023, DX promotion support organization was transferred from Media & Digital Business Unit to Corporate and Eliminations. Accordingly, the segment information of the same period of the previous year has been reclassified.

The following tables set forth our operating results by operating segments for the years ended March 31, 2024 and 2023.

20241025044019

Breakdown of Gross profit by operating segment

	Billions of Yen				Millions of U.S. Dollars
	2024	2023	Increase/ (Decrease)	Increase/ (Decrease) (%)	2024
Metal Products	¥ 191.4	¥ 220.4	¥ (29.1)	(13.2)	$ 1,267
Transportation & Construction Systems	340.8	261.0	79.8	30.6	2,257
Infrastructure	120.7	59.8	60.9	101.8	799
Media & Digital	133.6	123.9	9.7	7.8	885
Living Related & Real Estate	295.5	242.8	52.7	21.7	1,957
Mineral Resources, Energy, Chemical & Electronics	267.7	329.7	(62.0)	(18.8)	1,773
Segment Total	1,349.6	1,237.6	112.0	9.0	8,938
Corporate and Eliminations	(7.1)	(2.9)	(4.3)	(149.3)	(47)
Consolidated	¥ 1,342.5	¥ 1,234.8	¥ 107.7	8.7	$ 8,891

20241025040020

Breakdown of Profit (loss) for the year attributable to owners of the parent by operating segment

	Billions of Yen		Millions of U.S. Dollars		Remarks
	2024	2023	Increase/ (Decrease)	2024	
Metal Products	69.2	110.4	(41.2)	458	- Overseas steel service center: absence of strong performance in North America in FY2022 - Tubular products: absence of strong market in FY2022 - One-off profits in tubular business in FY2022
Transportation & Construction Systems	148.0	92.0	56.0	980	- Automotive sales & marketing: strong - Construction & mining systems: strong - Leasing: stable - One-off profits in aircraft leasing business and tire business - Impairment loss in the Parking business in Nordic countries
Infrastructure	48.7	20.8	27.9	323	- Domestic electricity retail: strong due to contract renewal and stable electricity procurement prices - One-off losses in IWPP business in Bahrain and UK water business
Media & Digital	(0.6)	13.6	(14.2)	(4)	- Major domestic businesses: stable - Telecommunications in Ethiopia: increase in start-up cost - One-off gains in media sector - Provision for doubtful receivables in telecommunications business in Myanmar
Living Related & Real Estate	48.5	59.0	(10.5)	321	- Real estate: delivery of major projects in FY2022 - Fresh Produce business in Europe and the Americas: banana business was strong while melon business was struggling - Impairment loss in Fresh Produce business in Europe and the Americas
Mineral Resources, Energy, Chemical & Electronics	52.4	266.9	(214.5)	347	- Decline in mineral resources & energy prices - Mineral resources and Energy trade: absence of strong performance in FY2022 - Agribusiness: absence of high demand in FY2022 and poor sales demand due to unusual weather - One-off profits in aircraft leasing business and tire business - Impairment loss in Nickel Mining and Refining business in Madagascar
Segment Total	366.2	562.6	(196.4)	2,425	
Corporate and Eliminations	20.2	2.7	17.5	134	- Increase in internal interest income due to interest rate increase
Total	386.4	565.3	(179.0)	2,559	

(4) Purchases, Sales Contracts and Trading Transactions

1. Purchases

As purchases are generally linked to trading transactions, this item is omitted.

2. Sales Contracts

As sales contracts are generally linked to trading transactions, this item is omitted.

3. Trading Transactions

There are no noteworthy matters in the year ended March 31, 2024. Please refer to "(2) Operating Results" and "Note 4. Segment Information to our consolidated financial statements."

20241025040021

(5) Certain Line Items in Our Consolidated Statement of Comprehensive Income

The following is a description of certain line items in our Consolidated statement of comprehensive income:

Revenues

We categorize our revenues into sales of tangible products and sales of services and others. We generate revenues from sales of tangible products:

- in connection with our wholesale, retail, manufacturing and processing operations;
- in connection with our real estate operations; and
- under long-term construction contracts.

We generate revenues from the sale of services and others in connection with:

- services related to customized software development; and
- loans, finance leases and operating leases of commercial real estate, vessels, etc.

Gross Profit

Gross profit primarily consists of:

- gross profit on transactions for which we act as a principal; and
- fees and commissions received on transactions for which we act as an agent.

To the extent revenues are recorded on a gross basis, any expenses or commissions or other payments to third parties that are directly attributable to the sales are recorded as cost of sales. Gross profit reflects the net amount of gross revenues after cost of sales. As a part of sales of services and others, we recognize revenues from fees and commissions on a net basis. As a result, sales of services and others contribute a larger portion of our gross profit than they do of our revenues. For the year ended March 31, 2024, sales of services and others accounted for 9.9% of our total revenues, and the gross profit from sales of services and others accounted for 25.9% of our gross profit.

Impairment Reversal (Loss) on Long-Lived Assets

At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, deferred tax assets, and biological assets are assessed whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year. If the carrying amount of an asset or a cash-generating unit ("CGU") exceeds the recoverable amount of it, an impairment loss is recognized in profit (loss). Impairment losses on long-lived assets include reversals of impairment losses when applicable.

Gain (Loss) on Sale of Long-Lived Assets, Net

As a result of strategic and active replacement of our asset portfolio, we may, at times, recognize gains and losses on sales of some of our real estate assets.

Dividends

Dividends reflect dividends declared by companies in which we hold interests other than our consolidated subsidiaries or equity-accounted investees.

Gain (Loss) on Securities and Other Investments, Net

We maintain a significant level of investments in order to supplement our trading activities. Among those investments, financial assets measured at fair value through profit and loss ("FVTPL") are initially measured at fair value. Subsequently, they are measured at fair

20241025040022

value, and gains and losses arising from changes in fair value are recognized in profit (loss). Financial assets measured at amortized cost are initially measured at fair value (including directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment losses when necessary. We recognize gains and losses on sales of our financial assets measured at amortized cost and investments in our consolidated subsidiaries or equity-accounted investees when we elect to sell investment holdings.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

In connection with our investment strategy and the development of business opportunities, we may, from time to time, acquire or make investments in newly established or existing companies, enter into joint ventures with other entities or form strategic business alliances with industry participants, in each case in a variety of business segments. In general, we account for the profits or losses of any such investee under the equity method when the level of the investment is between 20% and 50% of the total voting equity of the investee.

Financial Assets Measured at Fair Value Through Other Comprehensive Income.

Financial assets measured at fair value through other comprehensive income ("FVTOCI") are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and changes in fair value are recognized in other comprehensive income.

Remeasurements of Defined Benefit Pension Plans

The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income.

Exchange Differences on Translating Foreign Operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average spot exchange rates for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income. These differences are presented as "Exchange differences on translating foreign operations" in other components of equity after the date of transition to IFRSs.

Cash-Flow Hedges

When derivatives are designated as hedging instruments to hedge the exposure to variability in cash flows that are attributable to particular risks associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit (loss), the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income.

(6) Material Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, which are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions. For a summary of our material accounting policies, please refer to "Note 3. Material Accounting Policies to our consolidated financial statements."

The followings are the material accounting policies that are important to our financial condition and results of operations and require significant management judgments and estimates:

20241025040023

Impairment of Financial Assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, we recognize loss allowance based on the expected credit losses for the financial asset. Credit risk change and calculation of expected credit losses are mainly based on original credit rating model, the Sumisho Credit Rating ("SCR"). "SCR" includes the debtor's past bad debts experience, current financial condition and reasonably available forecast information.

Financial Assets Measured at Fair Value

We carry financial assets measured at fair value such as marketable securities, and other investments. We have decided to classify equity instruments into FVTOCI or FVTPL. Financial assets classified as FVTOCI are held for objective, such as expansion of the medium and long-term revenue through maintenance and reinforcement of relationships with investees. Their changes in fair values are not included in the assessment of business performance. Financial assets classified as FVTPL are held to make profits from the changes in fair values and are included in the assessment of business performance. Fair values of these assets are based on market prices or determined by the discounted future cash flow method, profitability and net assets of the investees, and other valuation approaches.

Recoverability of Non-current Assets

We maintain significant non-current assets in the operation of our global business. We review non-current assets, such as Investments accounted for using the equity method and intangibles assets, for impairment whenever events or changes in circumstances suggest that the carrying amount of such assets may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining whether cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. We also review goodwill and other intangible assets with indefinite useful lives for impairment at least annually, or more often if events or circumstances, such as adverse changes in the business climate, indicate that there may be impairment. In turn, we estimate the recoverable amount at the impairment tests. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. We derive cash flow estimates from our historical experience and our internal business plans, and discount them by applying an appropriate discount rate. Changes in strategy or in market conditions could significantly affect these estimates. The significant accounting estimates related to Recoverability of Non-current Assets are as follows. For the details of accounting estimates related to Recoverability of Non-current Assets, please refer to "Note 11. Investments Accounted for Using the Equity Method and Note 13. Intangible Assets to our consolidated financial statements."

1. Nickel Mining and Refining Business in Madagascar

We recognize Share of profit (loss) of investments accounted for using the equity method, if there is indication of impairment related to fixed assets of Ambatovy Minerals S.A. and Dynatec Madagascar S.A. (hereinafter Project Companies) and its recoverable amount is less than its carrying amount as a result of the impairment test. If the equity method investment loss recognized excesses the amount of the equity method investment in shares of the Project Companies, it is allocated to long-term interests, such as loans, that are considered to be substantially net investments. We define the recoverable amounts of fixed assets in Project Companies as the higher of an asset's or CGU's fair value less costs of disposal and its value in use, and use key assumptions, including production volume at the Project Companies, future natural resources prices (mainly mid-long term price outlook of nickel and cobalt), the recoverable reserves, on which the business plan of the Project Companies was based, as well as the discount rates for the estimating of its recoverable amounts.

For the year ended March 31, 2024, we revised production volume forecast downward in light of the current operating conditions including plant equipment malfunctions and other factors, and recently reassessed business plan. We recognized an impairment loss of ¥75,462 million on the entire amount of equity method investments in shares of the Project Companies and on the entire amount of the loans held as long-term interests, as a result of acknowledging an impairment loss on fixed assets held by the Project Companies to the recoverable amount based on the reassessed business plan.

In addition to the above impairment loss, we recognized provisions of ¥13,258 million for loans held by Summit Ambatovy Mineral

20241025040024

Resources Investment B.V., a wholly-owned subsidiary of the Company, to the project company, as described in "Note 27. Financial Instruments and Related Disclosures."

2. Fresh Produce Business in Europe and the Americas

For the impairment test of goodwill and intangible assets with indefinite useful lives, they are allocated across multiple CGUs and their recoverable amounts are calculated based on the value in use. The value in use is estimated by using the present value of future cash flows, with support of an independent appraiser. Future cash flows are calculated based on the business plan that was used as the basis of consideration paid, amended to reflect the recent business environment. The key assumptions with significant impact on the calculation of the value in use are sales volume, the margin of trading, the discount rate, etc. for Banana & Pineapple business.

3. Parking Business in Nordic countries

For the impairment test of goodwill and intangible assets with indefinite useful lives, they are tested for impairment using the entire Parking business as a single cash generating unit group, and the recoverable amounts are calculated based on the value in use. The value in use is estimated by using the present value of future cash flows, with support of an independent appraiser. Future cash flows are calculated based on the business plan that was used as the basis of consideration paid, amended to reflect the recent business environment. The key assumptions with significant impact on the calculation of the value in use are revenue of parking business, the discount rate, etc.

In the year ended March 31, 2024, an impairment loss of ¥12,249 million on the goodwill relating to the Parking business in Nordic countries was recognized, as a result of reassessing the business plan based on changes in the business environment such as new behavior pattern due to the pandemic and continued high inflation.

Tax Asset Valuation

We reduce deferred tax assets when, in management's judgment, it is more likely than not that the deferred tax assets, or a portion thereof, will not be realized. In assessing the realizability of deferred tax assets, we must determine whether we will be able to generate adequate future taxable income in the tax jurisdictions that give rise to the deferred tax assets during the periods in which the underlying temporary differences become deductible or before net operating loss carry forwards expire. We consider all available evidence, both positive and negative, in making this assessment. Determination of the deferred tax assets is based on estimates and judgment. A change in the ability of our operations to generate future taxable income in the tax jurisdictions that give rise to the deferred tax assets could change our assessment as to the realizability of these assets.

Calculation of Provision

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability.

Measurement of Defined Benefit Obligations

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous and current years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted.

The discount rates are equivalent to the market yields of AA credit-rated corporate bonds at the end of each reporting period that have maturity terms approximating those of the Companies' obligations. These calculations are performed annually by qualified actuaries using the projected unit credit method.

20241025040025

(7) Total Assets, Liabilities, and Equity

	Billions of Yen			Millions of U.S. Dollars	Remarks
	2024	2023	Increase/ (Decrease)	2024	
Total assets	11,032.6	10,105.4	927.2	73,064	- Increase due to yen's depreciation
Shareholders' equity (*1)	4,445.5	3,778.7	666.8	29,440	- Increase due to yen's depreciation - Profit for the year - Dividend paid, share repurchased
Interest-bearing Liabilities (net) (*2)	2,523.4	2,484.4	39.0	16,711	
D/E Ratio (net) (*3)	0.6	0.7	(0.1) pt	—	

(*1) Shareholders' equity = equivalent to equity attributable to owners of the parent in consolidated statements of financial position.

(*2) Interest-bearing liabilities (net)= Sum of bonds and borrowings (current and non-current) – (cash and cash equivalents + time deposits) (excluding lease liabilities)

(*3) D/E Ratio (net) = Interest-bearing liabilities (net) / Shareholders' equity

(8) Cash Flows

	Billions of Yen		Millions of U.S. Dollars	Remarks
	2024	2023	2024	
Cash flows from operating activities	608.9	232.8	4,032	- Steady cash generation by core businesses
Basic profit cash flow (*4)	510.9	509.3	3,383	
Cash flows from investing activities	(219.2)	(91.5)	(1,452)	- Investment & loan: Acquisition of construction equipment rental business 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. - 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.
Free Cash Flows	389.6	141.3	2,580	
Cash flows from financing activities	(415.5)	(250.5)	(2,752)	- Dividend paid, share repurchased

	2024	2023	2024
Cash and cash equivalents at the end of year	667.9	656.9	4,423

(*4) 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

(9) Capital Resources and Liquidity

Our basic policy for fund raising activities is to maintain and enhance financial soundness, and we are committed to secure stable, medium-to long-term low-interest rate funds and liquidity for our operations. We have implemented a group financing policy for our fund management on a consolidated basis in which funds are raised principally by the Company, finance subsidiaries and overseas regional entities and efficiently utilized through our cash management system within Group.

20241025040026

As of March 31, 2024, we had ¥3,201.7 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt, was ¥286.0 billion, a decrease of ¥55.4 billion from March 31, 2023. Our short-term debt consisted of ¥212.8 billion of loans, principally from banks, and ¥73.2 billion of commercial paper.

As of March 31, 2024, we had bonds and long-term debt of ¥2,915.8 billion, an increase of ¥105.1 billion from March 31, 2023, including current maturities of ¥459.2 billion. As of March 31, 2024, the balance of our borrowings from banks and insurance companies was ¥2,382.0 billion, an increase of ¥64.4 billion from March 31, 2023, and the balance of notes and bonds was ¥533.7 billion, an increase of ¥40.6 billion from March 31, 2023.

Most of our loans from banks contain covenant provisions customary in Japan. We do not believe those provisions materially limit our operating or financial flexibility. However, several of the loan agreements require maintenance of certain financial ratios and net worth levels of tangible net worth. Under some agreements, principally with government-owned financial institutions, we may be required to make early repayments of an outstanding amount if the lender concludes that we are able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to the payment of dividends and other appropriations of earnings. We have not been asked to make any such prepayments and currently do not anticipate any prepayment requests.

Please refer to "3 Risk factors (3) Risks by type13. Risks pertaining to fund liquidity".

We have maintained a stable funds procurement by extending fundraising periods to diversify the maturity dates. Our basic policy is to maintain the appropriate balance between funds mainly obtained through indirect financing including bank loans based on our sound relationship with broad range of financial institutions and funds obtained through direct financing such as commercial paper and corporate bonds. With an aim to diversify the sources of funds, we procure foreign currency funds not only through bank loans, bonds issued in foreign currencies, currency swaps, but also through commercial paper issued by finance subsidiaries and overseas regional entities, and Euro medium-term note ("MTN"). In addition, we developed the Sumitomo Corporation Green Finance Framework in March 2022, and based on this framework, the Company issued Green Bonds. In February 2024, we expanded the scope of this framework to include more socially relevant businesses and revised it into the Sustainable Finance Framework.

As of March 31, 2024, our long-term and short-term credit ratings are Baa1/P-2 (stable outlook) from Moody's Investors Service, A-/A-2 (stable outlook) from Standard & Poor's and AA-/a-1+ (stable outlook) from Rating and Investment Information, Inc.

In order to facilitate our direct access to capital markets for funding, we have established several funding programs, including:

- ¥300.0 billion Japanese and Overseas shelf registration for primary debt offerings;
- ¥500.0 billion commercial paper program in Japan;
- $1,500 million commercial paper program, established by our U.S. subsidiary, Sumitomo Corporation of Americas;
- U.S.$3,000 million Euro Medium Term Note program jointly established by us, Sumitomo Corporation Capital Europe and Sumitomo Corporation of Americas; and
- U.S.$1,500 million Euro-denominated commercial paper program established by Sumitomo Corporation Capital Europe.

In addition, we continuously determine various worst-case scenarios, including the current financial market turmoil, to maintain adequate levels of liquidity in any market condition. As of March 31, 2024, we maintain cash and deposits and committed lines of credit with major Japanese and overseas financial institutions in the aggregate amount of $1,210 million, as well as the following long-term committed line of credit in the amount up to ¥285.0 billion, which should secure sufficient liquidity to provide funds required for the operation of the Company and its subsidiaries and repayments of borrowings and bonds that will become due within one year. By the filing date, we have not drawn on any of these lines of credit. These lines of credit do not contain any material covenants, ratings triggers or other restrictions that could potentially impair our ability to draw down the funds. We also have several uncommitted lines of credit.

These lines of credit consist of:

- $1,060 million multi-borrower and multi-currency line of credit provided by a syndicate of major European and U.S. banks, under which we can obtain loans for Sumitomo Corporation or any of our subsidiaries in the United Kingdom, the United States and Singapore;
- $100 million U.S. dollar-denominated line of credit provided to Sumitomo Corporation of Americas by a major U.S. bank;

20241025040027

- $50 million multi-currency line of credit provided to Sumitomo Corporation Capital Europe by a major European bank;
- ¥150.0 billion line of credit provided by a syndicate of major Japanese banks, including ¥79 billion multi-currency facility; and ¥135.0 billion line of credit provided by a syndicate of Japanese regional banks.

Capital resources and liquidity

As of March 31, 2024 and 2023	Billions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Short-term	¥286.0	¥341.4	$1,894
Loans, principally from banks	212.8	248.9	1,409
Commercial paper	73.2	92.5	485
Long-term, including current maturities of long-term debt	2,915.8	2,810.7	19,310
Secured long-term debt			
Loans	284.3	227.9	1,883
Unsecured long-term debt			
Loans	2,097.7	2,089.7	13,892
Bonds and notes	533.7	493.1	3,535
Interest-bearing liabilities (gross)	3,201.7	3,152.1	21,204
Cash and cash equivalents & time deposits	678.3	667.7	4,492
Interest-bearing liabilities (net)	2,523.4	2,484.4	16,712
Total assets	11,032.6	10,105.4	73,063
Equity attributable to owners of the parent	4,445.5	3,778.7	29,440
Equity attributable to owners of the parent ratio (%)	40.3	37.4	
Debt-Equity Ratio (gross) (times)	0.7	0.8	
Debt-Equity Ratio (net) (times)	0.6	0.7	

20241025040028

As of March 31, 2024, our contractual cash obligations for the periods indicated are as follows:

Payments due by period

	Billions of Yen	
	Bonds and borrowings	Lease liabilities
Less than 1 years	¥ 745.2	¥ 77.7
1-2 years	310.4	66.4
2-3 years	435.8	44.4
3-4 years	350.5	41.2
4-5 years	309.5	34.8
More than 5 years	1,050.3	240.6
Total	¥ 3,201.7	¥ 505.1

	Millions of U.S. Dollars	
	Bonds and borrowings	Lease liabilities
Less than 1 years	$ 4,935	$ 515
1-2 years	2,056	440
2-3 years	2,886	294
3-4 years	2,321	273
4-5 years	2,050	230
More than 5 years	6,955	1,593
Total	$ 21,203	$ 3,345

As of March 31, 2024, we had financing commitments in connection with loans and investments in equity capital and contracts for the use of equipment of which the aggregate amount is ¥ 937.6 billion.

As of March 31, 2024, we have no material commitments for capital expenditures.

In addition to our commitments above, in connection with our businesses, we incur various contingent liabilities, such as guarantees of our customers' obligations. Furthermore, we are subject to contingent liabilities arising from litigation. Details of these contingent liabilities are discussed in "(10) Contingencies" and "(11) Litigation and Others" described below. Although we currently do not believe that our cash needs under such contingent liabilities will be significant, if, contrary to expectations, defaults under guarantees are substantial, or there is a significant adverse outcome in our litigation, such contingent liabilities may cause significant new cash needs.

We require continuous financing for our cash needs for working capital, capital investments in new and existing business ventures and debt service. Our growth strategy contemplates the making of investments, in the form of acquisitions, equity investments and loans. We invested ¥121.7 billion in acquisitions of property, plant and equipment and investment property and ¥238.2 billion in acquisitions of other investments in the year ended March 31, 2024. We are currently contemplating acquisitions of companies complementary to our existing businesses and related business areas in all business segments.

These investments, however, are either at a preliminary evaluation stage or are subject to a number of conditions; accordingly, there are possibilities that these investments could not be completed. Additionally, although we believe our existing cash, current credit arrangements, and cash flows from operations will be sufficient to meet our cash needs for the foreseeable future, it is not guaranteed. If our future cash flows from operations are less than we expect, we may need to incur additional debt, pursue other sources of liquidity, or modify our investment plans.

(10) Contingencies

In connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. We conduct business with counterparties around the world, and we make an effort to control the related trade receivables and

20241025040029

guarantees in order to minimize concentrations of credit risk. We do not anticipate material losses on the commitments and guarantees discussed below in excess of established allowances.

As of March 31, 2024, we are contingently liable for guarantees (continuing through 2049) in the aggregate amount of ¥222.2 billion, including ¥135.4 billion relating to our equity-accounted investees and ¥86.8 billion to third parties. The guarantees are primarily to enhance the credit standings of our equity-accounted investees, suppliers and customers.

(11) Litigation and Others

The Companies are involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

(12) New Standards and Interpretations Not Yet Applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements, which the Companies have not yet applied as of March 31, 2024, are as follows. The impact caused by the application of those is being determined and cannot be estimated at this time.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IAS 7	Cash Flows	January 1, 2024	March 31, 2025	Requirements of disclosure of information on supplier finance arrangements
IFRS 7	Financial Instruments: Disclosures			
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 31, 2028	Introduction of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies

(13) Quantitative and Qualitative Disclosure about Market Risk

In the normal course of business, we are exposed to risks arising from fluctuations in interest and currency exchange rates, commodity prices and equity prices. In order to manage these risks, we use financial and commodity derivative instruments including: foreign exchange forwards, currency swaps and options; interest rate swaps, futures and options; and commodity futures, forwards, swaps, and options. To a lesser degree, we also use derivative commodity instruments for trading purposes within prescribed position limits and loss limits imposed under the risk management structure described below.

Interest Rate Risk

Our business activities expose us to market risks arising from changes in interest rates, which we monitor and for which we take measures to minimize through the departments which Chief Financial Officer of the Corporate Group manages. In particular, interest rate fluctuations will impact our borrowing costs because a portion of our outstanding debt instruments is floating rate instruments and because we have short-term borrowings that we refinance from time to time. However, the impact on our borrowing costs will be partially offset by increased returns on certain of our assets, which will also be impacted by interest rate fluctuations. To manage this risk, we enter into interest rate swap agreements, future contracts and option contracts that serve to modify and match the interest rate characteristics of our assets and liabilities.

Foreign Currency Exchange Rate Risk

The nature of our global operations expose us to market risks caused by fluctuations in foreign currency exchange rates related to imports, exports and financing in currencies other than the local currency. In order to mitigate foreign currency exchange rate risks, except for

20241025040300

certain risks including the risk associated with foreign investments considered to be permanent, we use derivative instruments including foreign exchange forward contracts, currency swap agreements and currency option contracts with third parties in addition to borrowing and deposit transactions denominated in foreign currencies.

Commodity Price Risk

We trade in commodities such as physical precious and base metals, energy products (crude oil and refined oil products) and agricultural products (wheat, coffee, sugar and others), and engage in investments in metal mining, and oil and gas development. As a result of these activities, we are exposed to commodity price risks. We intend to reduce commodity price risks by hedging sales, matching the volume and timing of selling and purchasing commodities, or using derivatives. We use derivatives for trading purposes within well-defined position limits and loss limits.

Equity Price Risk

We are exposed to equity price risk inherent in stock we hold in financial institutions and our customers and suppliers for strategic purposes and in the other investments held by us. We do not engage in continuous hedging measures against the market exposures on those securities. As of March 31, 2024, we had fair value exposure on our marketable equity securities in the aggregate amount of ¥312.9 billion.

Risk Management Structure

Any business department wishing to enter into a derivative transaction or any other type of transaction exposing us to market risk must obtain approval from the President or General Manager, depending on the magnitude of the transaction, before entering into the transaction. The President or General Manager, as the case may be, reviews requests with the assistance of staff members who have expertise in derivative contracts. The request must identify the counterparty, the applicable market and credit risks and state the objectives of the transaction, the trading limit, and the loss limit amount.

The departments which Chief Financial Officer manages provide the following with respect to the execution and monitoring of transactions:

- back office support services for financial and derivative commodity transactions, such as opening accounts, confirming the execution of contracts, processing settlement and delivery of funds, and maintaining accounting records for the transactions;
- confirmation of balances of each transaction position; and
- monitoring of the status of positions and analyzing and calculating the risks of related transactions on a company-wide basis, and issuing periodic reports to our senior management.

Our subsidiaries are required to comply with the risk management structure described above when they execute commodity market transactions.

20241025040031

5. Information about Audits

(1) Details of fees paid or payable to the certified public accountant auditor

The table below shows the amount of fees paid or payable to KPMG AZSA LLC by the Company and its consolidated subsidiaries, for the years ended March 31, 2024 and 2023.

	2024				2023	
	Audit fees		Non-audit service fees		Audit fees	Non-audit service fees
	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of Yen
Company	¥525	$3	¥16	$0	¥521	¥20
Subsidiaries	530	4	76	1	495	105
Total	1,055	7	92	1	1,016	125

(2) Details of fees paid or payable to the member firms which belong to the same network to which KPMG AZSA LLC belongs

The table below shows the amount of fees paid or payable to the member firms of KPMG (excluding KPMG AZSA LLC) by the Company and its consolidated subsidiaries, for the years ended March 31, 2024 and 2023.

	2024				2023	
	Audit fees		Non-audit service fees		Audit fees	Non-audit service fees
	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of Yen
Company	—	$0	¥7	$0	—	¥31
Subsidiaries	2,925	19	487	3	2,334	393
Total	2,925	19	494	3	2,334	424

20241025040032

Consolidated Statement of Financial Position

Sumitomo Corporation and Subsidiaries

As of March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
ASSETS			
Current assets:			
Cash and cash equivalents (Note 9)	¥ 667,852	¥ 656,859	$ 4,423
Time deposits	10,447	10,783	69
Marketable securities (Notes 6, 9 and 27)	12,896	1,741	85
Trade and other receivables (Notes 7, 9, 11 and 27)	1,863,238	1,678,995	12,339
Contract assets (Note 27 and 28)	421,480	426,369	2,791
Other financial assets (Note 27)	176,934	123,827	1,172
Inventories (Notes 9 and 10)	1,486,770	1,390,559	9,846
Advance payments to suppliers	131,137	135,177	868
Assets classified as held for sale	7,058	6,574	47
Other current assets (Note 16)	457,892	442,073	3,033
Total current assets	5,235,704	4,872,957	34,673
Non-current assets:			
Investments accounted for using the equity method (Notes 9 and 11)	2,857,899	2,641,716	18,926
Other investments (Notes 6, 9 and 27)	485,540	388,767	3,215
Trade and other receivables (Notes 7, 9, 11 and 27)	201,356	207,201	1,333
Other financial assets (Note 27)	228,372	190,736	1,512
Property, plant and equipment (Notes 8, 9 and 12)	1,152,019	1,046,316	7,629
Intangible assets (Notes 8 and 13)	349,829	284,790	2,317
Investment property (Notes 8, 9 and 14)	361,774	346,355	2,396
Biological assets (Note 15)	39,635	36,891	262
Deferred tax assets (Note 16)	47,055	30,706	312
Other non-current assets	73,400	58,945	488
Total non-current assets	5,796,879	5,232,423	38,390
Total assets (Note 4)	¥ 11,032,583	¥ 10,105,380	$ 73,063

20241025040033

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings (Notes 17, 18 and 27)	¥ 745,186	¥ 685,356	$ 4,935
Trade and other payables (Notes 11, 19 and 27)	1,713,936	1,648,976	11,351
Lease liabilities (Notes 8, 11 and 18)	77,651	76,058	514
Other financial liabilities (Note 27)	139,118	119,170	921
Income tax payables	46,068	48,060	305
Accrued expenses	147,383	137,190	976
Contract liabilities (Note 28)	133,999	119,603	887
Provisions (Note 20)	24,689	12,152	164
Liabilities associated with assets classified as held for sale	—	5,487	—
Other current liabilities	112,553	113,103	746
Total current liabilities	3,140,583	2,965,155	20,799
Non-current liabilities:			
Bonds and borrowings (Notes 17, 18 and 27)	2,456,547	2,466,733	16,269
Trade and other payables (Notes 11, 19 and 27)	50,796	57,575	335
Lease liabilities (Notes 8, 11 and 18)	427,457	421,759	2,831
Other financial liabilities (Note 27)	60,245	57,243	399
Accrued pension and retirement benefits (Note 21)	23,644	21,841	157
Provisions (Note 20)	42,839	39,996	284
Deferred tax liabilities (Note 16)	158,168	98,491	1,047
Total non-current liabilities	3,219,696	3,163,638	21,322
Total liabilities	6,360,279	6,128,793	42,121
Equity:			
Common stock (Note 22)	220,423	220,047	1,460
Additional paid-in capital (Note 23)	252,709	254,114	1,674
Treasury stock	(2,733)	(39,563)	(18)
Other components of equity (Note 24)	1,077,039	637,538	7,133
Retained earnings (Note 23)	2,898,056	2,706,557	19,191
Equity attributable to owners of the parent	4,445,494	3,778,693	29,440
Non-controlling interests	226,810	197,894	1,502
Total equity	4,672,304	3,976,587	30,942
Total liabilities and equity	¥ 11,032,583	¥ 10,105,380	$ 73,063

See the accompanying notes to the consolidated financial statements.

20241025040034

Consolidated Statement of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Revenues:			
Sales of tangible products	¥ 6,223,423	¥ 6,238,706	$ 41,215
Sales of services and others	686,879	579,166	4,549
Total revenues (Notes 4, 8, 14, 27, 28 and 31)	6,910,302	6,817,872	45,764
Cost:			
Cost of tangible products sold	(5,228,493)	(5,278,970)	(34,626)
Cost of services and others	(339,321)	(304,150)	(2,247)
Total cost (Notes 12, 13, 14, 21, 27 and 31)	(5,567,814)	(5,583,120)	(36,873)
Gross profit (Note 4)	1,342,488	1,234,752	8,891
Other income (expenses):			
Selling, general and administrative expenses (Notes 12, 13 and 30)	(927,594)	(811,737)	(6,143)
Impairment reversal (loss) on long-lived assets (Notes 12, 13 and 14)	(37,412)	(6,861)	(248)
Gain (loss) on sale of long-lived assets, net	6,752	20,152	45
Other, net (Note 31)	(30,031)	(3,241)	(199)
Total other income (expenses)	(988,285)	(801,687)	(6,545)
Finance income (costs):			
Interest income	72,014	48,340	477
Interest expense	(88,328)	(59,791)	(585)
Dividends	13,675	20,068	91
Gain (loss) on securities and other investments, net (Note 27)	3,710	29,050	24
Finance income (costs), net (Note 31)	1,071	37,667	7
Share of profit (loss) of investments accounted for using the equity method (Notes 4 and 11)	172,372	252,390	1,142
Profit (loss) before tax	527,646	723,122	3,495
Income tax expense (Note 32)	(101,530)	(123,875)	(672)
Profit (loss) for the year	426,116	599,247	2,823
Profit (loss) for the year attributable to:			
Owners of the parent (Note 4)	¥ 386,352	¥ 565,333	$ 2,559
Non-controlling interests	39,764	33,914	264

20241025040035

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	75,167	4,735	498
Remeasurements of defined benefit pension plans	10,345	8,885	69
Share of other comprehensive income of investments accounted for using the equity method	5,517	769	36
Total items that will not be reclassified to profit or loss	91,029	14,389	603
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	358,465	123,559	2,374
Cash-flow hedges	20,899	26,175	138
Hedging cost	1,628	(1,596)	11
Share of other comprehensive income of investments accounted for using the equity method	(1,275)	48,835	(9)
Total items that may be reclassified subsequently to profit or loss	379,717	196,973	2,514
Other comprehensive income, net of tax (Note 24)	470,746	211,362	3,117
Comprehensive income for the year	896,862	810,609	5,940
Comprehensive income for the year attributable to:			
Owners of the parent	¥847,100	¥774,417	$5,610
Non-controlling interests	49,762	36,192	330

Earnings per share (Note 33):	Yen		U.S. Dollars
Basic	¥315.87	¥452.63	$2.09
Diluted	315.64	452.27	2.09

See the accompanying notes to the consolidated financial statements.

20241025040036

Consolidated Statement of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2024 and 2023

For the year ended March 31, 2024 Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 22)	Additional paid-in capital (Note 23)	Treasury stock	Other components of equity (Note 24)	Retained earnings (Note 23)	Total		
Balance, beginning of year	¥220,047	¥254,114	¥(39,563)	¥637,538	¥2,706,557	¥3,778,693	¥197,894	¥3,976,587
Profit for the year					386,352	386,352	39,764	426,116
Other comprehensive income for the year (Note 24)				460,748		460,748	9,998	470,746
Comprehensive income for the year				460,748	386,352	847,100	49,762	896,862
Transaction with owners:								
Acquisition of treasury stock			(32,065)			(32,065)		(32,065)
Sales of treasury stock			253		(132)	121		121
Cancellation of treasury stock			68,642		(68,642)	—		—
Share-based payment transactions	376	(195)				181		181
Equity transactions with non-controlling interests and others		(1,210)				(1,210)	7,716	6,506
Cash dividends to the owners of the parent (Note 25)					(147,326)	(147,326)		(147,326)
Cash dividends to non-controlling interests							(28,562)	(28,562)
Transfer to retained earnings				(21,247)	21,247	—		—
Balance, end of year	¥220,423	¥252,709	¥(2,733)	¥1,077,039	¥2,898,056	¥4,445,494	¥226,810	¥4,672,304

20241025040037

For the year ended March 31, 2023

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 22)	Additional paid-in capital (Note 23)	Treasury stock	Other components of equity (Note 24)	Retained earnings (Note 23)	Total		
Balance, beginning of year	¥219,894	¥255,996	¥(1,871)	¥454,136	¥2,269,661	¥3,197,816	¥183,469	¥3,381,285
Impact of changes in accounting policies (Note 2)					(980)	(980)	(51)	(1,031)
Balance, beginning of the year after changes	219,894	255,996	(1,871)	454,136	2,268,681	3,196,836	183,418	3,380,254
Profit for the year					565,333	565,333	33,914	599,247
Other comprehensive income for the year (Note 24)				209,084		209,084	2,278	211,362
Comprehensive income for the year				209,084	565,333	774,417	36,192	810,609
Transaction with owners:								
Acquisition of treasury stock			(37,950)			(37,950)		(37,950)
Sales of treasury stock			258			258		258
Share-based payment transactions	153	559				712		712
Equity transactions with non-controlling interests and others		(2,441)				(2,441)	1,839	(602)
Cash dividends to the owners of the parent (Note 25)					(153,139)	(153,139)		(153,139)
Cash dividends to non-controlling interests							(23,555)	(23,555)
Transfer to retained earnings				(25,682)	25,682	—		—
Balance, end of year	¥220,047	¥254,114	¥(39,563)	¥637,538	¥2,706,557	¥3,778,693	¥197,894	¥3,976,587

20241025040038

For the year ended March 31, 2024 Millions of U.S. Dollars

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 22)	Additional paid-in capital (Note 23)	Treasury stock	Other components of equity (Note 24)	Retained earnings (Note 23)	Total		
Balance, beginning of year	$ 1,457	$ 1,683	$ (262)	$ 4,222	$ 17,924	$ 25,024	$ 1,311	$ 26,335
Profit for the year					2,559	2,559	264	2,823
Other comprehensive income for the year (Note 24)				3,051		3,051	66	3,117
Comprehensive income for the year				3,051	2,559	5,610	330	5,940
Transaction with owners:								
Acquisition of treasury stock			(213)			(213)		(213)
Sales of treasury stock			2		(1)	1		1
Cancellation of treasury stock			455		(455)	—		—
Share-based payment transactions	3	(1)				2		2
Equity transactions with non-controlling interests and others		(8)				(8)	50	42
Cash dividends to the owners of the parent (Note 25)					(976)	(976)		(976)
Cash dividends to non-controlling interests							(189)	(189)
Transfer to retained earnings				(140)	140	—		—
Balance, end of year	$ 1,460	$ 1,674	$ (18)	$ 7,133	$ 19,191	$ 29,440	$ 1,502	$ 30,942

See the accompanying notes to the consolidated financial statements.

20241025040039

Consolidated Statement of Cash Flows

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2024 and 2023

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Operating activities (Note 34):			
Profit (loss) for the year	¥ 426,116	¥ 599,247	$ 2,823
Adjustments to reconcile Profit for the year to net cash provided by operating activities:			
Depreciation and amortization	200,172	183,749	1,326
Impairment reversal (loss) on long-lived assets	37,412	6,861	248
Finance income, net	(1,071)	(37,667)	(7)
Share of (profit) loss of investments accounted for using the equity method	(172,372)	(252,390)	(1,142)
(Gain) loss on sale of long-lived assets, net	(6,752)	(20,152)	(45)
Income tax expense	101,530	123,875	672
Changes in Inventories	(4,034)	(264,356)	(27)
Changes in trade and other receivables	(76,554)	(9,911)	(507)
Changes in prepaid expenses	(18,315)	(10,599)	(121)
Changes in trade and other payables	(83,175)	(39,662)	(551)
Other, net	130,279	(118,258)	863
Interest received	35,352	20,728	234
Dividends received	217,161	205,786	1,438
Interest paid	(71,713)	(46,483)	(475)
Income tax paid	(105,186)	(107,967)	(697)
Net cash provided by operating activities	608,850	232,801	4,032

20241025044040

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Investing activities (Note 34):			
Proceeds from sale of property, plant and equipment	9,385	15,140	62
Purchase of property, plant and equipment	(93,380)	(70,295)	(618)
Proceeds from sale of investment property	13,123	32,119	87
Purchase of investment property	(28,313)	(44,333)	(188)
Proceeds from sale of businesses, net of cash and cash equivalents disposed	3,579	31,530	24
Acquisition of businesses, net of cash and cash equivalents acquired	(62,343)	(13,565)	(413)
Proceeds from disposal of other investments	173,414	85,241	1,148
Acquisition of other investments	(238,220)	(131,653)	(1,578)
Collection of loan receivables	30,166	20,273	200
Increase in loan receivables	(26,621)	(15,982)	(176)
Net cash provided by (used in) investing activities	(219,210)	(91,525)	(1,452)
Financing activities (Note 34):			
Net increase (decrease) in short-term debt (Note 18)	(94,365)	72,247	(625)
Proceeds from issuance of long-term debt (Note 18)	337,960	381,151	2,238
Repayments of long-term debts (Note 18)	(379,502)	(415,156)	(2,513)
Repayments of lease liabilities (Notes 8 and 18)	(74,710)	(71,509)	(495)
Cash dividends paid (Note 25)	(147,326)	(153,139)	(976)
Capital contribution from non-controlling interests	6,403	663	42
Payment for acquisition of subsidiary's interests from non-controlling interests	(3,311)	(3,247)	(22)
Payment of dividends to non-controlling interests	(28,562)	(23,555)	(189)
Acquisition and disposal of treasury stock, net	(32,065)	(37,914)	(212)
Net cash used in financing activities	(415,478)	(250,459)	(2,752)
Net increase (decrease) in cash and cash equivalents	(25,838)	(109,183)	(172)
Cash and cash equivalents at the beginning of year	656,859	733,824	4,350
Effect of exchange rate changes on cash and cash equivalents	32,921	26,959	219
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets classified as held for sale	3,910	5,259	26
Cash and cash equivalents at the end of year	¥667,852	¥656,859	$4,423

See the accompanying notes to the consolidated financial statements.

20241025040041

1. Reporting Entity

Sumitomo Corporation (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company as at and for the year ended March 31, 2024 comprise the financial statements of the Company and its subsidiaries (together, the "Companies"), and the interests in associates and joint arrangements. The Companies are engaged in a wide range of business activities on global basis. The Companies' business foundation consists of trust cultivated over the years, a global network in Japan and overseas, global relations with business partners in all sectors around the world, intellectual capital, and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through the integration of these elements, the Companies provide a diverse array of value to our customers.

2. Basis of Preparation

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following significant items:

- Derivatives are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial instruments at fair value through other comprehensive income are measured at fair value;
- Defined benefit liabilities (assets) are the present value of the defined benefit obligation less the fair value of plan assets;
- Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell;
- Biological assets are measured at fair value less costs to sell; and
- Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(3) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All financial information presented in Japanese yen has been rounded to the nearest million. The translation of Japanese yen amounts into United States dollars for the year ended March 31, 2024 is included solely for the convenience of readers and has been made at the rate of ¥151 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2024. Such translation should not be construed as a representation that the Japanese yen amounts have been or could in the future be converted into United States dollars at that or any rate.

(4) Use of Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Note 3 (9) - Accounting for Arrangement containing a Lease

20241025040042

- Note 11 - Scope of associated companies and joint ventures

The following notes include information in respect of uncertainties of judgments and estimates which have a significant risk to cause material adjustment in the next fiscal year:

- Note 27 - Impairment of Financial Assets
- Note 27 - Financial Assets Measured at Fair Value
- Notes 11, 12, 13 and 14 - Recoverability of Non-current Assets
- Notes 16 - Tax Asset Valuation
- Notes 20 and 37 - Calculation of Provision
- Note 21 - Measurement of Defined Benefit Obligations

(5) Changes in Accounting Policies

Material accounting policies applied in the consolidated financial statements for the year ended March 31, 2024, remain the same as those applied in the consolidated financial statements for the previous fiscal year, except for the items below.

IAS 12 "Income Taxes"

The Companies have applied IAS 12 "Income Taxes" (amended in May 2021) from the year ended March 31, 2024. The amendments clarified the accounting treatment upon initial recognition for transactions that result in taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction. As a result, taxable temporary differences and deductible temporary differences are recognized as deferred tax liabilities and deferred tax assets, respectively, in the Consolidated Statements of Financial Position.

This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. As a result, in the Consolidated Statements of Financial Position at the end of the previous fiscal year, assets decreased by 872 million yen due to changes in "Investments accounted for using the equity method" and "Deferred tax assets" and equity decreased by 872 million yen due to changes in "Retained earnings" and "Non-controlling interests." Also, in the Consolidated Statements of comprehensive income for the previous fiscal year, profit for the year increased by 159 million yen due to changes in "Share of profit (loss) of investments accounted for using the equity method" and "Income tax expense." In addition, "Earnings per share attributable to owners of the parent (basic)" and "Earnings per share attributable to owners of the parent (diluted)" for the previous fiscal year, increased by 0.12 yen, respectively.

Furthermore, in the Consolidated Statements of Changes in Equity for the previous fiscal year, the balances of "Retained earnings" and "Non-controlling interests" at the beginning of year decreased by 980 million yen and 51 million yen respectively due to the reflection of the cumulative effect of applying the above-mentioned standard.

(6) Changes in Presentation

(Consolidated Statements of Change in Equity)

"Acquisition of treasury stock" and "Sales of treasury stock", which were included in "Acquisition (disposal) of treasury stock, net" previously, are presented separately from the year ended March 31, 2024, in order to ensure a clear presentation. In addition, "Equity transactions with non-controlling interests and others", which was presented separately in "Acquisition (disposal) of non-controlling interests, net" and "Others" previously, are presented collectively from the year ended March 31, 2024, because of considering the materiality. Consolidated Statements of Change in Equity for the previous fiscal year, is reclassified to conform to this change in presentation.

As a result, the amount of (37,692) million yen, which was presented in "Acquisition (disposal) of treasury stock, net" within "Transaction with owners" in the Consolidated Statements of Change in Equity for the previous fiscal year, has been reclassified and presented as (37,950) million yen for "Acquisition of treasury stock" and as 258 million yen for "Sales of treasury stock." In addition, the amount of (2,578) million yen and 137 million yen, which were presented in "Acquisition (disposal) of non-controlling interests, net" and "Others" within "Transaction with owners," have been reclassified and presented as (2,441) million yen for "Equity transactions with non-controlling interests and others."

20241025044043

3. Material Accounting Policies

Material accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation

1. Business combinations

The Companies have applied International Financial Reporting Standard No. 3 *Business Combinations* ("IFRS 3") and International Financial Reporting Standard No. 10 *Consolidated Financial Statements* to all business combinations.

The Companies have applied the acquisition method to business combinations disclosed in Note 5.

The Companies control an investee when the Companies are exposed, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over the investee. The acquisition date is the date when the control is transferred to the acquirer. Judgments may be required in deciding the acquisition date and as to whether the control is transferred from one party to another.

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

The considerations transferred include the fair value of the assets transferred from the Companies to the former owners of the acquiree, assumed liabilities, and equity interest issued by the Companies. The considerations transferred also include the fair value of contingent consideration.

The contingent liabilities of the acquiree are recognized in the business combinations if, and only if, they are present obligations that arose from past events and their fair value can be measured with sufficient reliability.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs incurred by the Companies in connection with business combinations such as finder's and legal fees, due diligence, and other professional or consulting fees are recognized as expenses when incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Companies report provisional amounts for the items for which the acquisition accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. The accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by the Company, when necessary.

The consolidated financial statements include the financial statements of certain subsidiaries, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting period of the subsidiaries with that of the Company. Due to the requirement of local laws and regulations, it is impracticable to unify the closing dates with that of the Company. It is also impracticable to prepare additional financial statements as of the same date as the financial statements of the Company due to the characteristics of the local business and the IT environment for the accounting system. The difference between the end of the reporting period of subsidiaries and that of the Company does not exceed three months.

When the financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared as of the dates different from the end of the reporting period of the Company, adjustments are made for the effects of significant.

20241025044044

transactions or events that occur between the end of the reporting period of the subsidiaries and that of the Company. On the disposal of interests in subsidiaries, if the Companies retain control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "Equity attributable to owners of the parent."

3. Business combinations of entities under common control

Business combinations of entities under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Companies have consistently accounted for all such transactions based on carrying amounts.

4. Associates and joint arrangements

Associates are entities over which the Companies have significant influence but do not have control to govern the financial and operating policies. Significant influence is presumed to exist when the Companies hold between 20% and 50% of the voting power of another entity. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Companies account for the assets, liabilities, revenues and expenses relating to their interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

Investments in associates and joint ventures ("equity-accounted investees") are accounted for using the equity method, and recognized at cost on acquisition. The investments include goodwill identified on acquisition (net of accumulated impairment losses).

The Companies' share of the income and expenses of the equity-accounted investees and changes in the Companies' share in equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of equity-accounted investees have been adjusted when necessary to ensure consistency with those applied by the Company. The consolidated financial statements include some equity-accounted investees, of which the end of the reporting period is different from that of the Company because it is impracticable to unify the end of the reporting date of those equity-accounted investees with that of the Company in connection with other shareholders and for other reasons. The end of the reporting period of those equity-accounted investees is mainly the end of December. Adjustments are made for the effects of significant transactions or events that occur due to differences in the end of the reporting period.

5. Transactions eliminated in consolidation

All inter-company transactions, balances, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with equity-accounted investees are eliminated to the extent of the Companies' interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

(2) Foreign Currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Exchange differences on monetary items are the differences between the amortized costs denominated in functional currencies at the beginning of the reporting period adjusted by effective interest and interest payments during the year, and the amortized costs denominated in foreign currencies translated using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising from retranslation are recognized in profit or loss. However, exchange differences arising from FVTOCI financial assets, hedges of a net investment in foreign operations (see 3. below) and cash-flow hedges are recognized in other comprehensive income. Non-monetary items measured at historical cost in foreign currencies

20241025040045

are translated using the spot exchange rate at the date of the transaction.

2. Foreign operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average exchange rate for the period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income. These differences are presented as "Exchange differences on translating foreign operations" in Other components of equity after the date of transition to IFRSs. On disposal of the entire interest in foreign operations and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

3. Hedges of a net investment in foreign operations

The Companies apply hedge accounting to a part of the exchange differences arising between the functional currencies of foreign operations and the Company's functional currency (Japanese Yen), regardless of whether investments in foreign operations are held directly by the Company or indirectly through its subsidiaries.

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in Other components of equity. The ineffective portion of the gains or losses on the hedging instruments is recognized in profit or loss. On disposal of hedged portion of net investments, the cumulative amount of exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Financial Instruments

1. Non-derivative financial assets

The Companies recognize trade and other receivables on the date they are originated.

All other financial assets are recognized on the contract date when the Companies become a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of the non-derivative financial assets;

Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Trade and other receivables that do not contain a significant financing component are measured at their transaction price. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Debt instruments measured at FVTOCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

20241025040046

Debt instruments measured at FVTOCI are initially measured at fair value plus directly attributable transaction costs.
They are subsequently measured at fair value, and changes in fair value are included in Other components of equity as "Financial assets measured at FVTOCI." When debt instruments measured at FVTOCI are derecognized, the accumulated amount of Other components of equity is reclassified to profit or loss.

Financial assets measured at FVTPL

Financial assets other than equity instruments that do not meet the above conditions in relation to amortized cost and FVTOCI measurement are measured at FVTPL. Those financial assets include financial assets held for trading.
Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments at FVTOCI on initial recognition.
Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Equity instruments measured at FVTOCI

On initial recognition, the Companies may make an irrevocable election to measure investments in equity instruments at FVTOCI. The election is made only for the equity investment other than held for trading.
Equity instruments measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in Other components of equity.
The amount of Other components of equity is transferred directly to Retained earnings, not to profit or loss, when the equity investment measured at FVTOCI is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary. However, dividends on equity instruments measured at FVTOCI are recognized in profit or loss as finance income.

Derecognition of financial assets

The Companies derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when the Companies transfer the contractual rights to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any interests in transferred financial assets that qualify for derecognition that is created or retained by the Companies are recognized as a separate asset or liability.

2. Cash and cash equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to known amounts of cash, including short-term time deposits with original maturities of three months or less.

3. Non-derivative financial liabilities

Debt securities issued are initially recognized on the issue date. All other financial liabilities are recognized when the Companies become a party to the contractual provisions of the instruments.
The Companies derecognize financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.
The Companies classify borrowings, corporate bonds, trade payables and other payables as non-derivative financial liabilities, and initially measure them at fair value (minus directly attributable transaction costs).
Non-derivative financial liabilities held for trading are measured at fair value after initial recognition and the change in fair value is recognized in profit or loss. Non-derivative financial liabilities held for other than trading are measured at amortized cost using the effective interest method after initial recognition.
Even if the modification or exchanges of financial liabilities do not result in derecognition due to the terms not being substantially different, the gains or losses arising from such modifications are recognized in profit or loss at the date of the modification or exchange.

20241025040447

4. Equity

Common stock

Proceeds from issuance of equity instruments by the Company are included in "Common stock" and "Additional paid-in capital." The direct issue costs (net of tax) are deducted from "Additional paid-in capital."

Treasury stock

When the Companies reacquire treasury stocks, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Companies sell treasury stocks, the consideration received is recognized as an increase in equity.

5. Derivatives including hedge accounting

The Companies utilize derivatives to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivatives used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and the analysis of ineffective portion.

In order to ascertain whether the change in the fair value or cash flow of the hedging instrument is highly effective in offsetting with the change in the fair value or cash flow of the hedged item, at the beginning and throughout the period for which hedge is designated, the Companies confirm the existence of an economic relationship between the hedged item and the hedging instrument through qualitative assessment and quantitative assessment.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently, derivatives are measured at fair value, and gains and losses arising from changes in fair value are accounted for as follows:

Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

Cash flow hedges

When derivatives are designated as hedging instruments to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income as "Cash-flow hedges" and included in other components of equity. Foreign currency basis spread on cross currency interest rate swaps is excluded from hedging instruments, and changes in the fair value are recognized in other comprehensive income as "Hedging cost" and included in other components of equity. The balances accumulated in other components of equity are reclassified to profit or loss over the periods when the cash flows of hedged items affect profit or loss. The ineffective portion of changes in the fair value of derivatives is recognized immediately in profit or loss. Hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting, or when the hedging instrument expires or is sold, terminated or exercised, or when the designation is revoked.

When hedge accounting is discontinued, the balances of cash flow hedges remain in equity until the forecast transaction affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

6. Derivatives held for trading and others

The Companies hold derivatives for hedging purposes which do not qualify for hedge accounting. The Companies also hold derivatives for trading purposes as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in profit or loss.

20241025044048

7. Presentation for financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the Consolidated statement of financial position when, and only when, the Companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories mainly consist of commodities, materials/work in progress, and real estate held for development and resale. Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

(5) Non-current assets held for sale and discontinued operations

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Companies classify such non-current assets or disposal groups as held for sale, and reclassify them into current assets. For this to be the case, the assets or disposal group must be available for immediate sale subject only to terms that are usual and customary for sales of such assets or disposal group and its sale must be highly probable. Management must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

(6) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. The cost of items of property, plant and equipment comprises costs directly attributable to the acquisition, costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

2. Depreciation

Depreciation is calculated based on the depreciable amount which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each item. The straight-line method is used because it is considered to most closely approximate the pattern in which the asset's future economic benefits are expected to be consumed by the Companies.

Depreciation of mining rights is computed under the units-of-production method over the estimated proven and probable reserve tons, and recognized as an expense. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2024 and 2023 are as follows:

- Buildings and leasehold improvements 3-50 years
- Machinery and equipment 2-20 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

20241025040049

(7) Intangible Assets

1. Goodwill

Initial recognition

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Measurement of goodwill on initial recognition is described in (1) 1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of investments in equity-accounted investees includes the carrying amount of goodwill. The impairment loss of those investments is not allocated to any asset (including goodwill) which constitutes part of the carrying amount of investments in equity-accounted investees.

2. Capitalized software costs

The Companies incur certain costs to purchase or develop software for sale or internal-use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses as incurred. Expenditures arising from development activities are capitalized as internally generated intangible assets, if, and only if, they are reliably measurable, products or processes are technically and commercially feasible, it is highly probable to generate future economic benefits, and the Companies have an intention and adequate resources to complete those assets and use or sell them. Capitalized software costs are measured at cost less any accumulated amortization and accumulated impairment losses.

3. Intangible assets acquired in business combinations

Intangible assets that are acquired in business combinations, such as sales licenses, trademarks and customer relationships, are recognized separately from goodwill, and are initially recognized at fair value at acquisition date.

Subsequently the intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

4. Other intangible assets

Other intangible assets with finite useful lives are measured at cost less any accumulated amortization and accumulated impairment losses. Certain trademarks are not amortized because they are determined to have indefinite useful lives and are expected to exist fundamentally as long as the business continues.

5. Amortization

Amortization is calculated based on the cost of an asset less its residual value. Amortization of intangible assets other than goodwill is computed under the straight-line method over their estimated useful lives from the date the assets are available for use. The straight-line method is used because it is considered to the most closely approximate the pattern in which the intangible assets' future economic benefits are expected to be consumed by the Companies. Estimated useful lives for the years ended March 31, 2024 and 2023 are mainly as follows:

- Software 3-10 years
- Sales licenses, trademarks and customer relationships 3-30 years
- Others 3-20 years

The amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and changed when necessary.

(8) Investment Property

Investment property is a property held to earn rental income or for capital appreciation or for both. Property held for sale in the ordinary course of business, or use in the production or supply of goods or service or for other administrative purpose is not included in investment property. Investment property is measured at cost less any accumulated depreciation (see (6) 2.) and accumulated impairment losses.

20241025040050

(9) Leases

At inception of a contract, the Companies assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract is, or contains, a lease, the Companies recognize right-of-use assets and lease liabilities on the Consolidated statements of financial position at the commencement date.

The Companies recognize the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured by using the cost model and are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of right-of-use assets includes the amount of the initial measurement of lease liabilities adjusted for initial direct costs and any lease payments made at or before the commencement date.

Right-of-use assets are depreciated using the straight-line method over its lease terms.

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date of the contract.

Lease payments are allocated to finance costs and the repayment portion of the balance of lease liabilities, to ensure that the interest rate remains constant for the balance of lease liabilities. Finance costs are presented separately from the depreciation of the right-of-use assets in the Consolidated statement of comprehensive income.

(10) Impairment

1. Non-derivative financial assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, the Companies recognize loss allowance based on the expected credit losses for the financial asset.

At each end of the fiscal year, if the credit risk on financial assets has not increased significantly since initial recognition, the impairment loss is measured at an amount equal to 12-months of expected credit losses. On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, the impairment loss is measured at an amount equal to the lifetime expected credit losses.

However, the impairment loss for trade and other receivables, etc. which does not contain a significant financing component is always at an amount equal to the lifetime expected credit loss.

Credit risk change and calculation of expected credit losses are mainly based on original credit rating model, the Sumisho Credit Rating ("SCR"). "SCR" includes the debtor's past bad debts experience, current financial condition and reasonably available forecast information.

The existence of evidence of credit impairment is judged based on events such as debtor's serious financial difficulties and breach of contract including overdue. For financial assets that have evidence of credit impairment at the reporting date, expected credit losses are measured individually after comprehensive evaluation of the individual situation of the debtor including collateral and guarantees.

If is reasonably determined that all or part of a financial asset cannot be collected, the Companies directly write off the financial assets.

2. Non-financial assets

At the end of each reporting period, the carrying amounts of non-financial assets, excluding Inventories, Biological assets and Deferred tax assets are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and Intangible assets with indefinite useful lives, and Intangible assets not yet available for use, the recoverable amount is estimated at the same time every year. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A CGU is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. A CGU of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then

20241025040051

to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed at the end of each reporting period to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs that changes the estimates used to determine the asset's recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

Goodwill that forms part of the carrying amount of investments in equity-accounted investees is not separately recognized, and it is not tested for impairment separately. The entire carrying amount of the investments is tested for impairment as a single asset, whenever there is any objective evidence that the investments are impaired.

(11) Employee Benefits

1. *Defined benefit plans*

Defined benefit plans are post-employment benefit plans other than defined contribution plans (see 2. below). The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted.

The discount rates are equivalent to the market yields of AA credit-rated corporate bonds at the end of each reporting period that have maturity terms approximating those of the Companies' obligations. These calculations are performed annually by qualified actuaries using the *projected unit credit method.*

When plan amendments are made, the change in defined benefit obligations related to past service by employees is recognized in profit or loss immediately.

The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income and immediately reclassify them from Other components of equity to Retained earnings.

2. Defined contribution plans

The employees of certain subsidiaries are provided with defined contribution plans. Defined contribution plans are postemployment benefit plans in which the Companies pay fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. The Obligations for contributions to defined contribution plans are recognized as an expense during the period when the service is rendered. Certain subsidiaries participate in multi-employer plans in addition to lump-sum benefit plans or pension benefit plans and recognize the contribution during a period as an expense in profit or loss and contribution payable as a liability.

Other than the above, the Company and certain subsidiaries have elective defined contribution pension plans for employees who elect to contribute a portion of their bonuses received for their services rendered during the year.

3. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed during the period when the service is rendered.

Bonus accrual is recognized as a liability, when the Companies have present legal or constructive obligations to pay as a result of past employee service, and when reliable estimates of the obligation can be made.

4. Share-based payments

The Company adopts the "restricted performance share unit-based remuneration," under which the number of shares granted varies according to the degree to which previously determined performance conditions are achieved after establishing a transfer restriction period. The fair values of the share-based payments are estimated at the grant date, and they are recognized as employee expenses over the period from the grant date to the end of the date of their service as a corresponding increase in equity. The fair value is measured by utilizing Monte-Carlo Simulation method based on the fair value of the Company's ordinary shares, etc.

20241025040052

(12) Provisions

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The Companies account for asset retirement obligations mainly related to the dismantlement of coal mining and drilling facilities and obligation to restore leased offices to their original condition in accordance with the Companies' published environmental policies and the requirements of laws, regulations, and contracts applicable to the Companies.

(13) Revenue

The Companies recognize revenue for goods sold and services provided in the ordinary course of business, except for lease and financial instrument transaction, based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The policies on revenue recognition and principal versus agent considerations are as follows:

1. Revenue from sales of tangible products

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations and real estate operations when the Companies satisfy a performance obligation by providing a promised good or service to a customer. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective.

The Companies transfer control of a good or service over time and, therefore, satisfy a performance obligation and recognize revenue and costs over time, if certain conditions are met, from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service, and software development business in which the Companies customize the software to customer specifications. Progress towards complete satisfaction of a performance obligation is measured by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenue, costs, or extent of progress toward completion, then, revisions to the estimates are made.

2. Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with services related to software, loans, finance leases and operating leases of commercial real estate and vessels.

Revenue from maintenance related to software is recognized over the contractual period or as the services are rendered.

Revenue from loans in connection with vessels, etc. is recognized using the effective interest method over the terms of the loans.

Revenue from finance leases is calculated using the interest rate implicit in the lease.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

20241025040053

3. Principal versus agent considerations

In the ordinary course of business, the Companies may act as an intermediary or an agent in executing transactions with third parties. In these arrangements, the Companies determine whether to recognize revenue based on the "gross" amount billed to the ultimate customer for tangible products or services provided or on the "net" amount received from the customer after considering commissions and other payments to third parties. However, the amounts of "Gross profit" and "Profit (loss) for the period attributable to owners of the parent" are not affected by whether revenue is recognized on a gross or net basis.

The Companies determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). To the extent that the Companies are acting as a principal in a transaction, the Companies recognize revenue on a gross basis when or as the entity satisfies a performance obligation. To the extent that the Companies are acting as an agent in a transaction, the Companies recognize revenue on a net basis in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party when or as the entity satisfies a performance obligation.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies are primarily responsible for fulfilling the promise to provide the specified good or service;
- the Companies have inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Companies have discretion in establishing the price for the specified good or service.

(14) Finance Income and Costs

Finance income mainly comprises interest income, dividend income, gains on sale of securities, changes in fair value of financial assets measured at FVTPL, gains on hedging instruments recognized in profit or loss. Interest income is recognized when incurred using the effective interest method. Dividend income is recognized on the date when the right to receive payment is established. Interest income from a financial asset (excluding financial assets measured at FVTPL) is accrued using the effective interest method. Finance costs mainly comprise interest expense, losses on sale of securities, changes in fair value of financial assets measured at FVTPL, impairment loss on financial assets, losses on hedging instruments recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of certain qualifying assets, which take a considerable period of time to get ready for their intended use or sale, are added to the costs of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss when incurred.

(16) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for the taxes which arise from business combinations or are recognized either in other comprehensive income or directly in equity.

Current taxes are the expected taxes payables or receivables on the taxable profit, using the tax rates enacted or substantially enacted by the end of the reporting period, adjusted by taxes payables or receivables in prior years.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination, affects neither accounting profit nor taxable profit at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

202410250405 4

Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Due to the application of the temporary exception in International Accounting Standard No.12 Income Taxes, deferred tax assets and liabilities for income taxes arising from tax laws enacted or substantively enacted to implement the Pillar 2 model rule published by the Organization for Economic Co-operation and Development are not recognized.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements. However, if the Companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries, associates and joint arrangements are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and Deferred tax liabilities are offset when: there is a legally enforceable right to offset current tax assets against current tax liabilities; and income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

(17) Earnings per Share

The Companies disclose basic and diluted earnings per share related to ordinary share. Basic earnings per share is calculated by dividing Profit (loss) for the year attributable to owners of the parent less the portion attributable to transfer-restricted stocks by the weighted average number of ordinary share outstanding during the reporting period, adjusted for the number of treasury stock acquired and transfer-restricted stocks. For the purpose of calculating diluted earnings per share, Profit (loss) for the year attributable to owners of the parent and the weighted average number of ordinary share outstanding, adjusted for the number of treasury stock, are adjusted for the effects of all dilutive potential ordinary share. Potential ordinary share of the Company is related to the stock option plan, transfer-restricted stock compensation, performance-linked stock compensation and restricted performance share unit-base compensation plan.

(18) Operating Segments

Operating segments are components of business activities from which the Companies may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

2024102504055

(19) New Standards and Interpretations Not Yet Applied

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements, which the Companies have not yet applied as of March 31, 2024, are as follows. The impact caused by the application of those is being determined and cannot be estimated at this time.

IFRSs	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summaries of new IFRSs and amendments
IAS 7	Cash Flows	January 1, 2024	March 31, 2025	Requirements of disclosure of information on supplier finance arrangements
IFRS 7	Financial Instruments: Disclosures			
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 31, 2028	Introduction of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies

4. Segment Information

(1) Operating Segments

The Companies conduct business through six industry-based business operating segments (business units).

The Companies' industry-based business segments are:

Metal Products
Transportation & Construction Systems
Infrastructure
Media & Digital
Living Related & Real Estate
Mineral Resources, Energy, Chemical & Electronics

"Trading" used in the following descriptions of the Companies' business units represents sales transactions where the business units act as a principal or an agent. See Note 3. (13) for the Companies' accounting policy on revenue recognition.

Metal Products—The Metal Products Business Unit encompasses various metal products, including steel products such as steel sheets and tubular products. This segment also has an extensive value chain that satisfies the diverse needs of customers in a broad range of fields. In the steel sheet-related field, this segment provides just-in-time delivery services for steel sheet products mainly to automotive and home appliance manufacturers via worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, this segment has functions as a total service provider by developing oil field services in addition to unique supply chain management (SCM) system for oil and gas companies. This segment consists of the Steel Sheet Products Division and the Tubular Products Division.

Transportation & Construction Systems—The Transportation & Construction Systems Business Unit engages in global transactions involving ships, aircrafts, motor vehicles, construction equipment and related components and parts. This segment covers a wide range of businesses, ranging from selling and servicing, leasing and financing to manufacturing. This segment consists of the Lease, Ship & Aerospace Business Division, the Mobility Business Division 1, the Mobility Business Division 2, and the Construction & Mining Systems Division.

Infrastructure—The Infrastructure Business Unit engages in a wide range of large-scale infrastructure development projects both in and outside Japan including renewable energy such as power generation and power plant Engineering, Procurement and Construction (EPC). This segment also engages in electricity retail in Japan, industrial infrastructure businesses such as industrial facilities and equipment, water businesses,

20241025044056

transportation systems and infrastructure businesses, airports, smart city project, environmental solutions, and storage battery businesses. This segment also engages in providing logistics services such as delivery, customs clearance and transportation services, arrangements for insurance, and development and operation of overseas industrial parks. This segment consists of the Social Infrastructure Business Division, the Global Power Infrastructure Business Division, and the Logistics Infrastructure Business Division.

Media & Digital—The Media & Digital Business Unit engages in cable television, 5G related technologies, multi-channel programming distribution, movies, digital media-related businesses, video content-related businesses, TV shopping businesses, and media businesses such as e-commerce. This segment also engages in ICT platform, digital solution, and the Global Corporate Venture Capital. This segment also engages in smart platform businesses such as cell phone related business and smart communications infrastructure and value-added services. This segment consists of the Media Division, the Digital Business Division, and the Smart Communications Platform Business Division.

Living Related & Real Estate—The Living Related & Real Estate Business Unit engages in retail businesses such as food supermarket, healthcare-related businesses such as drugstore chains, fresh & processed food (including vegetables, fruits and meats) business and trading of materials & supplies such as cement and building materials. This segment also engages in real estate businesses, including buildings, retail facilities, residences, logistics facilities, and real estate funds. This segment consists of the Lifestyle Business Division, Healthcare Business Division and the Construction Materials & Real Estate Division.

Mineral Resources, Energy, Chemical & Electronics—The Mineral Resources, Energy, Chemical & Electronics Business Unit engages in the development and trading of mineral and energy resources including coal, iron ore, manganese, uranium, non-ferrous metals, precious metals, petroleum, natural gas and liquefied natural gas (LNG) and commodity derivative transactions. This segment also trades non-ferrous metal products, petroleum products, liquefied petroleum gas (LPG), storage batteries, carbon products, plastics, organic and inorganic chemicals, silicon wafers, LEDs, pharmaceuticals, agricultural chemicals, household insecticide, fertilizers, and veterinary drugs and is also involved and invests in those businesses. This segment also operates electronics manufacturing services (EMS) mainly in Asia. This segment consists of two Mineral Resources Divisions, the Energy Division, the Basic Chemicals & Electronics Division and the Life Science Division.

The reportable segments are organized based on the nature of products and services provided. Each operating segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Segment financial information is evaluated regularly by management in order to assess performance and determine the allocation of resources.

Information by operating segment for the years ended March 31, 2024 and 2023 is summarized as follows:

2024

Segment	Millions of Yen				
	Revenues	Gross profit	Share of profit of investments accounted for using the equity method	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥ 1,742,543	¥ 191,374	¥ 13,063	¥ 69,170	¥ 1,144,826
Transportation & Construction Systems	1,376,364	340,824	116,240	147,978	2,421,580
Infrastructure	505,992	120,684	7,103	48,735	1,476,581
Media & Digital	488,653	133,571	542	(647)	1,131,755
Living Related & Real Estate	1,203,935	295,451	11,959	48,532	1,935,919
Mineral Resources, Energy, Chemical & Electronics	1,586,743	267,709	24,649	52,413	2,553,240
Total	¥ 6,904,230	¥ 1,349,613	¥ 173,556	¥ 366,181	¥ 10,663,901
Corporate and Eliminations	6,072	(7,125)	(1,184)	20,171	368,682
Consolidated	¥ 6,910,302	¥ 1,342,488	¥ 172,372	¥ 386,352	¥ 11,032,583

20241025040057

2023

Segment	Millions of Yen				
	Revenues	Gross profit	Share of profit of investments accounted for using the equity method	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	¥1,760,388	¥220,449	¥11,704	¥110,372	¥1,161,058
Transportation & Construction Systems	1,053,184	261,033	63,313	91,968	2,004,969
Infrastructure	613,633	59,813	11,964	20,822	1,379,568
Media & Digital	453,929	123,900	14,319	13,589	1,062,483
Living Related & Real Estate	1,059,099	242,754	8,624	58,997	1,704,435
Mineral Resources, Energy, Chemical & Electronics	1,854,780	329,661	140,983	266,882	2,490,098
Total	¥6,795,013	¥1,237,610	¥250,907	¥562,630	¥9,802,611
Corporate and Eliminations	22,859	(2,858)	1,483	2,703	302,769
Consolidated	¥6,817,872	¥1,234,752	¥252,390	¥565,333	¥10,105,380

2024

Segment	Millions of U.S. Dollars				
	Revenues	Gross profit	Share of profit of investments accounted for using the equity method	Profit for the year (attributable to owners of the parent)	Total assets
Metal Products	$ 11,540	$ 1,267	$ 87	$ 458	$ 7,581
Transportation & Construction Systems	9,115	2,257	770	980	16,037
Infrastructure	3,351	799	47	323	9,779
Media & Digital	3,236	885	4	(4)	7,495
Living Related & Real Estate	7,973	1,957	79	321	12,821
Mineral Resources, Energy, Chemical & Electronics	10,508	1,773	163	347	16,909
Total	$ 45,723	$ 8,938	$ 1,150	$ 2,425	$ 70,622
Corporate and Eliminations	41	(47)	(8)	134	2,441
Consolidated	$ 45,764	$ 8,891	$ 1,142	$ 2,559	$ 73,063

Notes:

1. On April 1, 2023, DX promotion support organization was transferred from Media & Digital Business Unit to Corporate and Eliminations. Accordingly, the segment information of the same period of the previous year has been reclassified.
2. Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained by corporate headquarters that are not related to specific operating segments.
3. Profit for the year attributable to owners of the parent in Corporate and Eliminations includes certain profits and losses that cannot be allocated to operating segments and intersegment eliminations.
4. Transactions between segments are based on normal market prices.
5. Revenues from contracts with customers are disaggregated into each segment as a result of categorization by economic factors.
6. In the year ended March 31, 2023, impairment reversal relating to the tubular products business company in North America, B&L PIPECO SERVICES, INC., is recognized in the Metal Products Business Unit. The impact on the Profit for the year attributable to owners of the parent was a gain of ¥11,379 million ($86 million).
7. In the year ended March 31, 2024, impairment loss in the Parking business in Nordic countries is recognized in the Transportation &

20241025044058

Construction Systems Business Unit. The impact on the Profit (loss) for the year attributable to owners of the parent is a loss of ¥12,249 million ($81 million).

8. In the year ended March 31, 2024 and 2023, impairment loss in the telecommunication business in Myanmar is recognized in the Media & Digital Business Unit. The impacts on the Profit for the year attributable to owners of the parent are a loss of ¥35,215 million ($233 million) and ¥17,464 million ($131 million), respectively.
9. In the year ended March 31, 2024, impairment reversals in the iron ore mining project in South Africa and impairment loss in Nickel Mining and Refining business in Madagascar are recognized in the Mineral Resources, Energy, Chemical & Electronics Business Unit. The impacts on the Profit for the year attributable to owners of the parent are a gain of ¥13,782 million ($91 million) and ¥△88,720 million ($△588 million), respectively.

(2) Geographic Information

The Companies' revenues by geographical area for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Japan	¥ 2,423,884	¥ 2,424,129	$ 16,052
East Asia	376,732	388,889	2,495
Asia Pacific	726,630	732,783	4,812
Europe and CIS	832,406	752,536	5,513
Middle East and Africa	404,131	281,086	2,676
Americas:			
U.S.	1,518,241	1,634,584	10,055
Other Americas	628,278	603,865	4,161
Total	¥ 6,910,302	¥ 6,817,872	$ 45,764

The carrying amounts of non-current assets, excluding Financial assets and Deferred tax assets, by geographical area as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Japan	¥ 990,219	¥ 954,152	$ 6,558
East Asia	19,168	18,155	127
Asia Pacific	189,903	162,780	1,258
Europe and CIS	250,894	250,447	1,661
Middle East and Africa	3,770	2,236	25
Americas:			
U.S.	448,818	314,349	2,972
Other Americas	73,885	71,178	489
Total	¥ 1,976,657	¥ 1,773,297	$ 13,090

20241025040559

5. Acquisition of Subsidiaries

(1) For the year ended March 31, 2023

Business combinations during the year ended March 31, 2023 mainly consisted of acquiring Sumitomo Precision Products Co., Ltd. as a wholly-owned subsidiary and acquiring an agricultural supplies distributor in Brazil. The aggregated acquisition-date fair value of the consideration transferred which consisted of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests as of each acquisition-date are as follows. The consideration transferred was paid in cash but included an unpaid portion.

As the purchase price allocations in certain business combinations were incomplete as of the issuance date of the consolidated financial statements, the Company reports provisional amounts for the items for which the acquisition accounting is incomplete as of March 31, 2023.

	Millions of Yen
Fair value of the consideration transferred	¥ 29,063
Fair value of the previously held equity interest	5,786
Total	¥ 34,849
Total assets	¥ 100,229
Total liabilities	(70,520)
Net assets	¥ 29,709
Non-controlling interests	(1,127)
Goodwill	8,600
Others	(2,333)
Total	¥ 34,849

Non-controlling interests were measured at the ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

20241025040600

(2) For the year ended March 31, 2024

Business combinations during the year ended March 31, 2024 mainly consisted of acquisition of construction equipment rental business by Sunstate Equipment Co., LLC and acquisition of sulfuric acid business in North America. The aggregated acquisition-date fair value of the consideration transferred which consisted of cash, the previously held equity interest, assets acquired and liabilities assumed, and non-controlling interests as of each acquisition-date are as follows. The consideration transferred was paid in cash.

As the purchase price allocations in certain business combinations were incomplete as of the issuance date of the consolidated financial statements, the Company reports provisional amounts for the items for which the acquisition accounting is incomplete as of March 31, 2024. The provisional amounts for the item for which the acquisition accounting was incomplete as of March 31, 2023 have been properly allocated to each account during the year ended March 31, 2024. The effects due to this allocation on the consolidated financial statements for the year ended March 31, 2024 are immaterial.

	Millions of Yen	Millions of U.S. Dollars
Fair value of the consideration transferred	¥ 64,513	$ 427
Fair value of the previously held equity interest	11,473	76
Total	¥ 75,986	$ 503
Total assets	¥ 50,426	$ 334
Total liabilities	(7,976)	(53)
Net assets	¥ 42,450	$ 281
Non-controlling interests	(1,774)	(12)
Goodwill	35,310	234
Total	¥ 75,986	$ 503

Non-controlling interests were measured at the ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

6. Marketable Securities and Other Investments

The amounts of "Marketable securities" and "Other investments" in the Consolidated statement of financial position are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Marketable securities:			
FVTPL	¥ 6,429	¥ 523	$ 43
Amortized cost	6,467	1,218	42
Total	12,896	1,741	85
Other investments:			
FVTPL	¥ 54,073	¥ 43,250	$ 358
FVTOCI	424,006	339,559	2,808
Amortized cost	7,461	5,958	49
Total	¥ 485,540	¥ 388,767	$ 3,215

The fair values of "Marketable securities" and "Other investments" measured at amortized cost as of March 31, 2024 and 2023 are ¥13,928 million ($92 million) and ¥7,176 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective, such as

20241025040061

expansion of the medium and long-term revenue through maintenance and reinforcement of relationships with investees.

The fair value and dividends received from "Other investments" measured at FVTOCI held as of March 31, 2024 and 2023 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2024		2023		2024	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	¥311,451	¥6,969	¥222,668	¥7,494	$2,063	$46
Unlisted	112,555	6,009	116,891	11,493	745	40
Total	¥424,006	¥12,978	¥339,559	¥18,987	$2,808	$86

The fair values of "Other investments" measured at FVTOCI as of March 31, 2024 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2024	2024
TOYOTA MOTOR CORPORATION	¥63,544	$421
Sumitomo Realty & Development Co., LTD.	29,953	198
Nippon Steel Corporation.	22,334	148
Sumitomo Forestry Co., Ltd.	21,539	143
YAMATO KOGYO CO., LTD.	21,138	140
MS&AD Insurance Group Holdings, Inc.	16,469	109
Sumitomo Electric Industries, Ltd.	11,756	78
Sumitomo Metal Mining Co., Ltd.	11,468	76
Nippon Coke & Engineering	7,579	50
SUMITOMO HEAVY INDUSTRIES, LTD.	7,045	47
Sumitomo Rubber Industries, Ltd.	6,316	42
DAIKIN INDUSTRIES, LTD.	5,863	39
YAMAZAKI BAKING CO., LTD.	5,836	39
NISSHIN SEIFUN GROUP INC.	5,610	37
The Sumitomo Warehouse Co., Ltd	4,338	29
Sumitomo Bakelite Co., Ltd.	3,630	24
UACJ Corporation	3,304	22
TOTECH CORPORATION	3,057	20
SOSiLA Logistics REIT, Inc.	3,011	20
SAWAI GROUP HOLDINGS Co., Ltd.	2,864	19
Daikyo Nishikawa Corporation	2,755	18
SEC CARBON, LTD.	2,647	18
International Steels Limited	1,425	9
Dongbang Agro Corporation	1,265	8
UEX, LTD.	1,132	7

20241025040062

The fair values of "Other investments" measured at FVTOCI as of March 31, 2023 mainly consist of the following:

	Millions of Yen
	2023
TOYOTA MOTOR CORPORATION	¥31,504
Nippon Steel Corporation.	25,331
Sumitomo Realty & Development Co., LTD.	15,408
YAMATO KOGYO CO., LTD.	13,142
Sumitomo Metal Mining Co., Ltd.	12,623
Sumitomo Forestry Co., Ltd.	11,484
MS&AD Insurance Group Holdings, Inc.	9,239
Sumitomo Electric Industries, Ltd.	8,499
DAIKIN INDUSTRIES, LTD.	6,732
Nippon Coke & Engineering	4,921
Sumitomo Rubber Industries, Ltd.	4,884
SUMITOMO HEAVY INDUSTRIES, LTD.	4,835
NISSHIN SEIFUN GROUP INC.	4,795
YAMAZAKI BAKING CO., LTD.	4,794
The Sumitomo Warehouse Co., Ltd.	3,677
SOSiLA Logistics REIT, Inc.	3,185
Daikyo Nishikawa Corporation	2,305
Sumitomo Bakelite Co., Ltd.	2,024
UACJ Corporation	1,976
SEC CARBON, LTD.	1,759
SAWAI GROUP HOLDINGS Co., Ltd.	1,733
NICHIHA CORPORATION	1,493
TOTECH CORPORATION	1,380
Sumitomo Osaka Cement Co., Ltd.	1,380
UEX, LTD.	1,212

"Other investments" measured at FVTOCI which were disposed of during the years ended March 31, 2024 and 2023 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2024			2023			2024		
Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends	Fair value at the date of sale	Cumulative gains or (losses)	Dividends
¥33,821	¥22,080	¥689	¥119,517	¥24,994	¥1,071	$ 224	$ 146	$ 5

The Companies sold or exchanged the investments mainly as a result of reviewing business relationships or as a result of business combinations in the investees. In connection with the disposal, the Companies reclassified cumulative gains (net of tax) of ¥16,572 million ($109 million) and ¥18,805 million from Other components of equity to retained earnings for the years ended March 31, 2024 and 2023, respectively.

For financial assets measured at FVTOCI of which the decline in fair value compared to its acquisition cost is significant and not temporary, the Companies reclassified cumulative losses (net of tax) of ¥4,238 million ($28 million) and gains (net of tax) of ¥2,044 million from Other components of equity to retained earnings for the years ended March 31, 2024 and 2023, respectively.

20241023043063

7. Trade and Other Receivables

The components of Trade and other receivables as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Notes receivable	¥ 60,492	¥ 53,174	$ 401
Accounts receivable	1,747,589	1,557,555	11,572
Loans receivable	135,866	133,427	900
Finance lease receivable	112,898	116,473	748
Other receivables	79,238	82,061	525
Less: Allowance for doubtful receivables	(71,489)	(56,494)	(473)
Trade and other receivables	¥ 2,064,594	¥ 1,886,196	$ 13,673

Financial assets measured at FVTPL of ¥98,978 million ($655 million) and ¥75,233 million are included in Accounts receivable as of March 31, 2024 and 2023, respectively.

Certain notes receivables derived mainly from export transactions are transferred to banks on a discounted basis. The Companies are liable to the banks for defaults by the note issuer. As such, the Companies continue to recognize the discounted notes receivables of ¥3,218 million ($21 million) and ¥3,419 million as of March 31, 2024 and 2023, respectively, and these discounted notes are presented in "Trade and other receivables" in the Consolidated statement of financial position. Related cash receipts which are discounted are presented in "Bonds and borrowings".

8. Leases

(1) As lessor

The Companies, as a lessor, lease construction equipment, office buildings, vessels and certain other assets to third parties under operating leases. Costs of the leased properties as of March 31, 2024 and 2023 are ¥816,465 million ($5,407 million) and ¥648,408 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2024 and 2023 are ¥243,522 million ($1,613 million) and ¥196,725 million, respectively. These assets are included in "Property, plant and equipment," "Intangible assets," and "Investment property" in the Consolidated statement of financial position.

Future lease payments to be received under operating leases as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Due in 1 year or less	¥ 38,965	¥ 37,111	$ 258
Due after 1 year through 2 years	16,903	20,489	112
Due after 2 years through 3 years	12,915	12,347	86
Due after 3 years through 4 years	8,667	9,786	57
Due after 4 years through 5 years	6,250	7,358	41
Due after 5 years	14,311	20,363	95

The Companies lease automobiles, vessels, power stations, service equipment and other assets under arrangements which are classified as finance leases under International Financial Reporting Standard No.16 Leases ("IFRS 16").

20241025044064

Future receivables under finance leases as of March 31, 2024 and 2023 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Due in 1 year or less	¥ 64,002	¥ 75,548	$ 424
Due after 1 year through 2 years	34,543	28,854	229
Due after 2 years through 3 years	20,757	17,352	137
Due after 3 years through 4 years	8,062	7,276	53
Due after 4 years through 5 years	3,630	3,515	24
Due after 5 years	4,661	9,712	31
Unguaranteed residual value	3,266	4,151	22
Less: Future finance income	(26,023)	(29,935)	(172)
Net investment in the lease	¥ 112,898	¥ 116,473	$ 748

	Net investment in the lease		
	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Due in 1 year or less	¥ 57,387	¥ 67,827	$ 380
Due after 1 year through 2 years	27,140	21,750	180
Due after 2 years through 3 years	15,825	12,571	105
Due after 3 years through 4 years	6,389	5,606	42
Due after 4 years through 5 years	2,975	2,674	20
Due after 5 years	998	3,601	7
Unguaranteed residual value	¥ 2,184	¥ 2,444	14

The amounts mainly recognized in the Consolidated statement of comprehensive income related to finance leases as a lessor for the year ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Financial income on lease receivables	¥ 16,827	¥ 16,828	$ 111
Income on variable lease payments not included in the measurement of lease receivables	30,767	22,826	204

20241025044065

(2) As lessee

The Companies, as a lessee, lease office buildings, vessels, machinery and equipment, stores and certain other assets.

1. Right-of-use assets

The carrying amounts of right-of-use assets as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Land and land improvements	¥21,036	¥21,044	$ 139
Buildings and leasehold improvements	317,347	314,610	2,102
Machinery and equipment	37,115	32,619	246

Depreciation expenses for right-of-use assets for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Land and land improvements	¥2,313	¥2,677	$ 15
Buildings and leasehold improvements	52,469	49,576	347
Machinery and equipment	10,267	7,641	68

Acquisitions of right-of-use assets for the years ended March 31, 2024 and 2023 are ¥49,821 million ($330 million) and ¥83,377 million, respectively. Acquisitions of those through business combinations for the years ended March 31, 2024 and 2023 are ¥2,902 million ($19 million) and ¥3,369 million, respectively.

2. Maturity analysis of lease liabilities

The Companies' remaining contractual maturities for lease liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Due in 1 year or less	¥77,651	¥76,058	$ 514
Due after 1 year through 5 years	186,879	193,249	1,238
Due after 5 years	240,578	228,510	1,593

3. Profit or loss related to right-of-use assets

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Interest expense on lease liabilities	¥10,923	¥10,204	$ 72
Expense on variable lease payments not included in the measurement of lease liabilities	19,281	19,605	128
Income from subleasing right-of-use assets	3,738	4,185	25

20241025043066

4. Total cash outflows for leases

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Total cash outflows for leases	¥95,078	¥98,106	$630

9. Assets Pledged as Security

Assets pledged to secure borrowings, guarantee of contracts and others as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Cash and deposits	¥42,376	¥30,484	$281
Trade and other receivables	411,781	349,790	2,727
Inventories	21,646	12,941	143
Marketable securities and investments	257,985	205,409	1,709
Property, plant and equipment (Carrying amount)	7,265	7,031	48
Investment property (Carrying amount)	2,258	2,415	15
Others (Note)	45,455	52,737	301
Total	¥788,766	¥660,807	$5,224

Note: These are mainly guarantee deposits related to derivative transactions and deposits for rental properties.

Trust receipts issued under customary import financing arrangements grant recipient banks a security interest in the imported merchandise and/or the accounts receivable or sales proceeds resulting from the sales of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large volume of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

10. Inventories

The components of Inventories as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Real estate held for development and resale	¥347,206	¥272,842	$2,299
Commodities	910,622	890,728	6,031
Materials /work in progress	228,942	226,989	1,516
Inventories	¥1,486,770	¥1,390,559	$9,846

Of the Inventories disclosed above, the carrying amounts of Inventories that are measured at fair value less costs to sell as of March 31, 2024 and 2023 are ¥94,575 million ($626 million) and ¥109,930 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2024 and 2023 are ¥6,080 million ($40 million) and ¥5,238 million, respectively.

20241025044067

11. Investments Accounted for Using the Equity Method

(1) Carrying Amount of Investments Accounted for Using the Equity Method and Profit (Loss) Attributable to the Company

Summarized financial information for the Companies' interest in associates and joint ventures, based on the amounts reported in the Companies' consolidated financial statements as of and for the years ended March 31, 2024 and 2023 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Carrying amount			
Associates	¥1,408,668	¥1,388,057	$9,329
Joint Ventures	1,449,231	1,253,659	9,597
Total	¥2,857,899	¥2,641,716	$18,926

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Profit for the year			
Associates	¥43,861	¥104,730	$291
Joint Ventures	128,511	147,660	851
Subtotal	172,372	252,390	1,142
Other comprehensive income			
Associates	(8,305)	28,637	(55)
Joint Ventures	12,547	20,967	83
Subtotal	4,242	49,604	28
Comprehensive income for the year	¥176,614	¥301,994	$1,170

The impairment loss for the year ended March 31, 2023 was recognized as follows. The impairment loss is included in "Share of profit (loss) of investments accounted for using the equity method" in the Consolidated statement of comprehensive income.
As a result of reassessing recoverable amount of the investments in Telecommunications business in Myanmar due to the increasing country risk in the country, an impairment loss of ¥17,464 million was recognized in the Media & Digital Business Unit.

The impairment profit and loss for the year ended March 31, 2024 is recognized as follows. The profit and loss is included in "Share of profit (loss) of investments accounted for using the equity method" in the Consolidated statement of comprehensive income.
In Iron ore mining project in South Africa, an impairment reversal of ¥13,782 million ($91 million) is recognized in the Mineral Resources, Energy, Chemicals & Electronics Business Unit, due to revision of the long-term business plan in line with market recovery in mineral resources.
In the Madagascar Nickel business, production volume forecast was revised downward in light of the current operating conditions including plant equipment malfunctions and other factors, and business plan was recently reassessed. An impairment loss of ¥75,462 million ($500 million) is recognized in the Mineral Resources, Energy, Chemicals & Electronics Business Unit for investments and loans held by our group, as a result of acknowledging an impairment loss on fixed assets held in this business to the recoverable amount based on the reassessed business plan.

As a result of revaluation of lease receivables to Telecommunications business in Myanmar mainly due to the ongoing dollar exchange regulations imposed by the Myanmar government, a loss of ¥35,215 million ($233 million) is included in the Media & Digital Business Unit, considering the reversal of impairment loss in the fiscal year ended March 31, 2023.

20241025040068

The major joint ventures accounted for using the equity method included in the summarized financial information above are Sumitomo Mitsui Finance and Leasing Company, Limited (50% owned), Ambatovy Minerals S.A. (54.17% owned), and Dynatec Madagascar S.A. (54.17% owned). Regarding Ambatovy Minerals S.A. and Dynatec Madagascar S.A. owned more than 50% of the total voting rights, the Company classifies them as joint ventures in light of the shareholder's agreement.

Sumitomo Mitsui Finance and Leasing Company, Limited

Sumitomo Mitsui Finance and Leasing Company, Limited 's summarized financial information as of and for the years ended March 31, 2024 and 2023 is as follows:

Note that the following summarized financial information includes the amount of goodwill relating to Sumitomo Mitsui Finance and Leasing Company, Limited.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Current assets	¥ 4,079,070	¥ 4,094,148	$ 27,014
Non-current assets	5,776,694	5,279,527	38,256
Total assets	¥ 9,855,764	¥ 9,373,675	$ 65,270
Current liabilities	¥ 2,983,159	¥ 3,115,577	$ 19,756
Non-current liabilities	5,340,993	4,973,533	35,371
Total liabilities	¥ 8,324,152	¥ 8,089,110	$ 55,127
Non-controlling interests	¥ 327,325	¥ 257,114	$ 2,168
Equity	1,204,288	1,027,451	7,975
Total equity	¥ 1,531,612	¥ 1,284,565	$ 10,143

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Revenues	¥ 1,284,766	¥ 1,014,288	$ 8,508
Profit (loss) for the year	153,376	92,166	1,016
Other comprehensive income	34,902	34,391	231
Comprehensive income for the year	¥ 188,278	¥ 126,557	$ 1,247

Sumitomo Mitsui Finance and Leasing Company, Limited engages in a variety of financial services including leasing. The dividends which the Company received from Sumitomo Mitsui Finance and Leasing Company, Limited for the years ended March 31, 2024 and 2023 are ¥12,666 million ($84 million) and ¥6,246 million, respectively.

20241025040690

The Madagascar Nickel business

The Madagascar Nickel business's summarized financial information that is combined balance of Ambatovy Minerals S.A. and Dynatec Madagascar S.A. as of and for the years ended March 31, 2024 and 2023 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Current assets	¥ 129,680	¥ 117,608	$ 859
Non-current assets	185,135	314,651	1,226
Total assets	¥ 314,815	¥ 432,259	$ 2,085
Current liabilities	¥ 82,054	¥ 60,925	$ 543
Non-current liabilities	224,514	205,193	1,487
Total liabilities	¥ 306,568	¥ 266,118	$ 2,030
Total equity	¥ 8,247	¥ 166,141	$ 55

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Revenues	¥ 137,354	¥ 168,991	$ 910
Profit (loss) for the year	(176,649)	(15,278)	(1,170)
Other comprehensive income	19,134	15,808	127
Comprehensive income for the year	¥ (157,515)	¥ 530	$ (1,043)

Ambatovy Minerals S.A. and Dynatec Madagascar S.A. (the "Project Companies") operate a nickel mining and a nickel refining in Madagascar.

Non-current assets in the summarized financial information include mining rights and long-lived assets including refining equipment of these operations, which are ¥179,877 million ($1,191 million) and ¥309,366 million as of March 31, 2024 and 2023, respectively.

If there is any indication of impairment for the PPE of the Project Companies and a subsequent impairment test shows that the recoverable amount is less than the carrying amount of the PPE, the Company will recognize its share of loss as an equity method investment loss. If the equity method investment loss recognized exceeds the amount of equity method investments in shares of the Project Companies, it is allocated to long-term interests, such as loans, that are considered to be substantially net investments. The recoverable amount of the PPE at the Project Companies will be either their value-in-use or their fair value after deducting disposal costs, whichever is higher, and key assumptions — the Project Companies' production volume, future natural resources prices (primarily the medium- to long-term forecasted prices of nickel, cobalt, etc.), recoverable reserves, and discount rates, — will be used in making these estimates. Changes in any of these assumptions could have a significant impact on the Company's business performance.

For the year ended March 31, 2024, we revised production volume forecast downward in light of the current operating conditions including plant equipment malfunctions and other factors, and recently reassessed business plan. We recognized an impairment loss on the entire amount of equity method investments in shares of the Project Companies and on the entire amount of the loans held as long-term interests, as a result of acknowledging an impairment loss on fixed assets held by the Project Companies to the recoverable amount based on the reassessed business plan. The recoverable amount is the fair value after deducting disposal costs.

Consequently, the loss of ¥75,462 million ($500 million) is included in "Share of profit (loss) of investments accounted for using the equity method" in the Consolidated Statements of comprehensive income.

20241025044070

(2) The Balances of Receivables from and Payables to Equity-accounted Investees

The balances of receivables from and payables to equity-accounted investees as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Trade and other receivables	¥ 160,090	¥ 123,589	$ 1,060
Trade and other payables	34,673	35,537	230
Lease liabilities	11,217	11,424	74

(3) Summary of Transactions with Equity-accounted Investees

The Companies engage in various agency transactions between equity-accounted investees and third parties. Net fees earned on these transactions are not material.

Transactions with equity-accounted investees for the years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Management and secondment fees, received	¥ 5,669	¥ 5,145	$ 38
Interest income	10,945	6,893	72
Interest expense	(429)	189	(3)

Transactions with equity-accounted investees stated above are made on an arm's length basis.

20241025040711

12. Property, Plant and Equipment

Cost and accumulated depreciation and impairment losses of Property, plant and equipment as of March 31, 2024 and 2023 are as follows:

[Cost]

	Millions of Yen					
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of April 1, 2022	¥122,638	¥1,009,695	¥950,222	¥33,861	¥21,522	¥2,137,938
Acquisitions	8,072	62,808	97,117	41,469	—	209,466
Reclassification	18,658	18,661	(10,626)	(43,692)	—	(16,999)
Acquisitions through business combinations	4,005	8,672	2,732	146	—	15,555
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(498)	(17,116)	(147,980)	(1,450)	(3,149)	(170,193)
Disposals	(9,876)	(25,473)	(23,497)	(1,831)	—	(60,677)
Exchange differences on translating foreign operations	1,780	12,783	41,471	468	(484)	56,018
Others	(3,977)	1,000	3,872	(6,221)	662	(4,664)
Balance as of March 31, 2023	¥140,802	¥1,071,030	¥913,311	¥22,750	¥18,551	¥2,166,444
Acquisitions	2,043	54,725	119,602	41,324	—	217,694
Reclassification	4,568	11,482	(10,291)	(34,446)	—	(28,687)
Acquisitions through business combinations	364	3,357	7,246	7	—	10,974
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(849)	(2,009)	(2,643)	—	—	(5,501)
Disposals	(745)	(44,577)	(36,521)	(91)	(570)	(82,504)
Exchange differences on translating foreign operations	4,719	34,858	89,970	2,298	1,862	133,707
Others	1,008	(5,785)	6,669	(2,184)	987	695
Balance as of March 31, 2024	¥151,910	¥1,123,081	¥1,087,343	¥29,658	¥20,830	¥2,412,822

20241025040072

	Millions of U.S. Dollars					
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
Balance as of March 31, 2023	$ 932	$ 7,093	$ 6,048	$ 151	$ 123	$ 14,347
Acquisitions	15	362	792	274	—	1,443
Reclassification	30	76	(68)	(228)	—	(190)
Acquisitions through business combinations	2	22	48	0	—	72
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(6)	(13)	(17)	—	—	(36)
Disposals	(5)	(295)	(242)	(1)	(4)	(547)
Exchange differences on translating foreign operations	31	231	596	15	12	885
Others	7	(38)	44	(15)	7	5
Balance as of March 31, 2024	$ 1,006	$ 7,438	$ 7,201	$ 196	$ 138	$ 15,979

[Accumulated depreciation and impairment losses]

	Millions of Yen				
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of April 1, 2022	¥ (15,371)	¥ (500,223)	¥ (581,974)	¥ (16,637)	¥ (1,114,205)
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	115	12,047	105,307	2,198	119,667
Disposals	3,510	15,523	17,912	—	36,945
Reclassification	(1,109)	243	21,623	—	20,757
Depreciation expenses	(2,677)	(74,211)	(74,647)	(535)	(152,070)
Impairment losses	(56)	(6,860)	(12,254)	—	(19,170)
Exchange differences on translating foreign operations	(195)	(5,872)	(25,194)	377	(30,884)
Others	977	7,201	10,654	—	18,832
Balance as of March 31, 2023	¥ (14,806)	¥ (552,152)	¥ (538,573)	¥ (14,597)	¥ (1,120,128)
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	1,288	2,342	—	3,630
Disposals	2,205	52,134	27,548	448	82,335
Reclassification	(920)	(1,521)	26,488	—	24,047
Depreciation expenses	(2,313)	(76,290)	(84,859)	(621)	(164,083)
Impairment losses	(1,174)	(13,584)	(4,736)	—	(19,494)
Exchange differences on translating foreign operations	(741)	(16,627)	(50,957)	(1,469)	(69,794)
Others	187	4,189	(1,692)	—	2,684
Balance as of March 31, 2024	¥ (17,562)	¥ (602,563)	¥ (624,439)	¥ (16,239)	¥ (1,260,803)

20241025040073

	Millions of U.S. Dollars				
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Mining rights	Total
Balance as of March 31, 2023	$ (98)	$ (3,656)	$ (3,567)	$ (97)	$ (7,418)
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	9	15	—	24
Disposals	15	345	182	3	545
Reclassification	(6)	(10)	175	—	159
Depreciation expenses	(15)	(506)	(562)	(4)	(1,087)
Impairment losses	(8)	(90)	(31)	—	(129)
Exchange differences on translating foreign operations	(5)	(110)	(337)	(10)	(462)
Others	1	28	(11)	—	18
Balance as of March 31, 2024	$ (116)	$ (3,990)	$ (4,136)	$ (108)	$ (8,350)

Note: Depreciation expenses for property, plant and equipment are included in "Cost" and "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income. The impairment losses for property, plant and equipment are included in "Impairment reversal (loss) on long-lived assets" in the Consolidated statement of comprehensive income. The impairment losses recognized on property, plant and equipment for the years ended March 31, 2024 and 2023 are ¥19,494 million ($129 million) and ¥19,170 million, respectively. The impairment losses mainly recognized in Transportation & Construction Systems Business Unit on property, plant and equipment for the years ended March 31, 2024 and 2023 are ¥18,849 million ($125 million) and ¥15,517 million, respectively.

[Carrying amount]

	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2024 (Millions of Yen)	¥ 134,348	¥ 520,518	¥ 462,904	¥ 29,658	¥ 4,591	¥ 1,152,019
2023 (Millions of Yen)	¥ 125,996	¥ 518,878	¥ 374,738	¥ 22,750	¥ 3,954	¥ 1,046,316
2024 (Millions of U.S. Dollars)	$ 890	$ 3,448	$ 3,065	$ 196	$ 30	$ 7,629

20241025040074

13. Intangible Assets

(1) Goodwill

Cost and accumulated impairment losses of goodwill for the years ended March 31, 2024 and 2023 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance, beginning of year	¥227,630	¥216,485	$ 1,508
Acquisitions through business combinations	35,310	8,600	234
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	(5,932)	—
Disposals	—	(400)	—
Exchange differences on translating foreign operations	7,106	8,083	47
Others	2,286	794	15
Balance, end of year	¥272,332	¥227,630	$ 1,804

[Accumulated impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance, beginning of year	¥(111,936)	¥(110,975)	$ (742)
Impairment losses	(12,249)	(354)	(81)
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	5,880	—
Disposals	—	400	—
Exchange differences on translating foreign operations	(6,364)	(6,887)	(42)
Others	—	—	—
Balance, end of year	¥(130,549)	¥(111,936)	$ (865)

The impairment losses recognized on goodwill for the years ended March 31, 2024 and 2023 are ¥12,249 million ($81 million) and ¥354 million, respectively, and are included in "Impairment reversal (loss) on long-lived assets" in the Consolidated statement of comprehensive income. The impairment losses on goodwill for the year ended March 31, 2024 mainly consist of the impairment loss of ¥12,249 million ($81 million) recognized for the Parking business in Nordic countries which was recognized in the Transportation & Construction Systems Business Unit. The impairment losses of the business are described in (3) Impairment test of goodwill and other intangible assets.

[Carrying amount]

	Carrying amount
2024 (Millions of Yen)	¥141,783
2023 (Millions of Yen)	¥115,694
2024 (Millions of U.S. Dollars)	$ 939

20241025040075

Goodwill arising from business combinations is allocated to each of the Companies' CGU that is expected to benefit from the synergies of the business combination at the date of acquisition of the business.

The carrying amounts of goodwill by operating segment as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Metal Products	¥4,999	¥4,604	$33
Transportation & Construction Systems	60,310	48,301	399
Infrastructure	—	—	—
Media & Digital	17,523	13,861	116
Living Related & Real Estate	48,488	38,295	321
Mineral Resources, Energy, Chemical & Electronics	10,355	10,525	69
Corporate and Eliminations	108	108	1
Total	¥141,783	¥115,694	$939

Note: "Corporate and Eliminations" above includes the carrying amount of the Energy Innovation Initiative (EII).

Main portions of goodwill as of March 31, 2023 were related to Parking business in Nordic countries of ¥29,974 million and Fresh Produce business in Europe and the Americas of ¥12,061 million, respectively.

Main portions of goodwill as of March 31, 2024 are related to construction equipment rental business in the U.S. of ¥33,574 million ($222 million), Parking business in Nordic countries of ¥20,646 million ($137 million), and Fresh Produce business in Europe and the Americas of ¥13,392 million ($89 million), respectively.

20241025040076

(2) Other Intangible Assets

Cost and accumulated amortization, and impairment losses of other intangible assets as of March 31, 2024 and 2023 are as follows:

[Cost]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2022	¥157,629	¥246,712	¥42,013	¥446,354
Acquisitions through business combinations	2,731	—	1,285	4,016
Separate acquisitions	13,438	217	1,854	15,509
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(165)	(3,513)	—	(3,678)
Disposals	(5,374)	(682)	(215)	(6,271)
Exchange differences on translating foreign operations	1,150	11,967	655	13,772
Others	6,109	(7,160)	630	(421)
Balance as of March 31, 2023	¥175,518	¥247,541	¥46,222	¥469,281
Acquisitions through business combinations	429	18,803	1,301	20,533
Separate acquisitions	19,544	1,526	2,104	23,174
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	—	—	—
Disposals	(3,408)	(25)	(1,073)	(4,506)
Exchange differences on translating foreign operations	4,013	24,001	8,034	36,048
Others	3,458	(52)	(72)	3,334
Balance as of March 31, 2024	¥199,554	¥291,794	¥56,516	¥547,864

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2023	$ 1,163	$ 1,639	$ 306	$ 3,108
Acquisitions through business combinations	3	124	9	136
Separate acquisitions	129	10	14	153
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	—	—	—
Disposals	(23)	(0)	(7)	(30)
Exchange differences on translating foreign operations	27	159	53	239
Others	23	(0)	(1)	22
Balance as of March 31, 2024	$ 1,322	$ 1,932	$ 374	$ 3,628

20241025040777

[Accumulated amortization and impairment losses]

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2022	¥(127,623)	¥(159,217)	¥(10,058)	¥(296,898)
Disposals	5,302	681	179	6,162
Amortization expenses	(7,913)	(7,516)	(2,434)	(17,863)
Impairment losses	(773)	—	(255)	(1,028)
Impairment reversals	—	12,179	—	12,179
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	170	3,513	—	3,683
Exchange differences on translating foreign operations	(272)	(8,570)	(267)	(9,109)
Others	(3,642)	7,175	(844)	2,689
Balance as of March 31, 2023	¥(134,751)	¥(151,755)	¥(13,679)	¥(300,185)
Disposals	3,175	14	1,050	4,239
Amortization expenses	(13,107)	(6,282)	(2,785)	(22,174)
Impairment losses	(541)	—	(9)	(550)
Impairment reversals	—	—	—	—
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	—	—	—
Exchange differences on translating foreign operations	(2,652)	(12,951)	(552)	(16,155)
Others	(860)	(4,088)	(45)	(4,993)
Balance as of March 31, 2024	¥(148,736)	¥(175,062)	¥(16,020)	¥(339,818)

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2023	$ (892)	$ (1,005)	$ (91)	$ (1,988)
Disposals	21	0	7	28
Amortization expenses	(87)	(41)	(19)	(147)
Impairment losses	(4)	—	(0)	(4)
Impairment reversals	—	—	—	—
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	—	—	—
Exchange differences on translating foreign operations	(17)	(86)	(3)	(106)
Others	(6)	(27)	(0)	(33)
Balance as of March 31, 2024	$ (985)	$ (1,159)	$ (106)	$ (2,250)

20241025044078

[Carrying amount]

	Software	Sales licenses, trademarks and customer relationships	Others	Total
2024 (Millions of Yen)	¥50,818	¥ 116,732	¥ 40,496	¥208,046
2023 (Millions of Yen)	¥40,767	¥95,786	¥32,543	¥169,096
2024 (Millions of U.S. Dollars)	$ 337	$ 773	$ 268	$ 1,378

Main portions of sales licenses, trademarks and customer relationships as of March 31, 2024 and 2023 are related to construction equipment rental business in the U.S. of ¥25,544 million ($169 million), Fresh Produce business in Europe and the Americas of ¥24,904 million ($165 million) and ¥23,950 million, and Parking business in Nordic countries of ¥15,652 million ($104 million) and ¥16,031 million, respectively. The average remaining amortization periods of intangible assets with finite useful lives are 21 years for construction equipment rental business in the U.S., 16 years for Fresh Produce business in Europe and the Americas, and 8 years for Parking business in Nordic countries.

The impairment losses recognized on other intangible assets for the years ended March 31, 2024 and 2023 are ¥550 million ($4 million) and ¥1,028 million, respectively. The impairment reversals recognized on other intangible assets for the year ended March 31, 2023 was ¥12,179 million, and was included in "Impairment reversal (loss) on long-lived assets" in the Consolidated statement of comprehensive income. The impairment reversals on other intangible assets for the year ended March 31, 2023 mainly consist of the impairment reversal of ¥11,379 million ($75 million) recognized for the tubular products business company B&L PIPECO SERVICES, INC., which was recognized in the Metal Products Business Unit, due to revision of the long-term business plan in line with market recovery.

Intangible assets with finite useful lives are amortized over their useful lives. Amortization expenses on intangible assets are recognized in "Cost" and "Selling, general and administrative expenses" in the Consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives as of March 31, 2024 and 2023 are ¥24,667 million ($163 million) and ¥20,323 million, respectively, and consist mainly of trademarks. Those trademarks were acquired through business combinations which are expected to exist as long as business continues, therefore the management considers the useful lives for these as indefinite. Intangible assets with indefinite useful lives are not material individually.

(3) Impairment test of goodwill and other intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the unit may be impaired. Significant goodwill and other intangible assets are tested for impairment based on assumptions as follows:

Fresh Produce Business in Europe and the Americas

Goodwill and intangible assets with indefinite useful lives are tested for impairment in the Banana & Pineapple business. The recoverable amounts are calculated based on the value in use. The value in use is estimated with support of an independent appraiser by using the present value of 4-year future cash flows, which are calculated based on the business plan amended to reflect the recent business environment. The key assumptions with significant impact on the calculation of the value in use are the sales volume, the margin of trading, the discount rate, etc. for Banana & Pineapple business. The growth rates and the discount rates used at the impairment test of goodwill and other intangible assets for the years ended March 31, 2024 and 2023 are summarized as follows:

	2024 (%)		2023 (%)	
CGU Group	Growth rate	Discount rate	Growth rate	Discount rate
Banana & Pineapple business	1.9	5.3	1.9	6.6

20241025040079

The growth rates used are determined by considering the long-term average growth rate of the market or the country which the CGU group belongs to.
The discount rates used are calculated based on the weighted average cost of capital of the CGU group.

Even when the key assumptions used in the impairment test change within a reasonably predictable range, the risk of the recoverable amount falling below the carrying amount is considered to be limited.

Parking Business in Nordic countries

Goodwill and intangible assets with indefinite useful lives are tested for impairment using the entire Parking business in the three Nordic countries of Sweden, Norway and Finland as a single cash generating unit group, and the recoverable amounts are calculated based on the value in use. The value in use is estimated with support of an independent appraiser by using the present value of future cash flows, which are calculated based on the business plan amended to reflect the recent business environment. The business plan is calculated based on the average lease period of parking facilities, which is 6 to 8 years. The key assumptions with significant impact on the calculation of the value in use are revenue of Parking business, the discount rate, etc. The growth rates and the discount rates used at the impairment test of goodwill and other intangible assets for the years ended March 31, 2024 and 2023 are summarized as follows:

	2024 (%)		2023 (%)	
CGU Group	Growth rate	Discount rate	Growth rate	Discount rate
Parking business in Nordic countries (Sweden, Norway and Finland)	2.0	8.0~8.5	1.8~2.0	8.0~8.5

The growth rates used are determined by considering the long-term average growth rate of each country.
The discount rates used are calculated based on the weighted average cost of capital in each country.

In the Parking business in Nordic countries, Transportation & Construction Systems Business Unit recognized an impairment loss of ¥12,249 million ($81 million) on the goodwill, as a result of reassessing the business plan based on the decline of profitability due to changes in the business environment, such as new behavior patterns after the pandemic, and the cost increase caused by high inflation due to escalation of international geopolitical risks in recent years.

Others

For other impairment tests of goodwill, recoverable amounts are calculated based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on the business plans approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rates used are determined by considering the long-term average growth rates of the market or the country which the CGU belongs to. The growth rates used do not exceed the long-term average growth rates of the market or country (domestic: approximately 1% or less, overseas: approximately 4% or less). The discount rates used are calculated based on the weighted average capital cost or capital cost of each CGU (domestic: approximately 6% to 8%, overseas: approximately 5% to 22%).

20241025040800

14. Investment Property

Cost and accumulated depreciation and impairment losses of Investment property as of March 31, 2024 and 2023 are as follows:

[Cost]

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance, beginning of year	¥469,579	¥448,385	$3,110
Acquisitions	30,449	50,144	202
Disposals	(11,017)	(21,910)	(73)
Exchange differences on translating foreign operations	10,010	5,716	66
Reclassification	3,784	(13,000)	25
Others	102	244	1
Balance, end of year	¥502,907	¥469,579	$3,331

[Accumulated depreciation and impairment losses]

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance, beginning of year	¥(123,224)	¥(109,049)	$(816)
Depreciation expenses	(13,915)	(13,816)	(92)
Impairment losses	(6,012)	(4,854)	(40)
Disposals	2,801	3,007	18
Exchange differences on translating foreign operations	(3,319)	(1,191)	(22)
Reclassification	2,512	2,689	17
Others	24	(10)	0
Balance, end of year	¥(141,133)	¥(123,224)	$(935)

The impairment losses recognized for the year ended March 31, 2024 and 2023 are ¥6,012 million ($40 million) and ¥4,854 million, and are included in "Impairment reversal (loss) on long-lived assets" in the Consolidated statement of comprehensive income.

[Carrying amount and fair value]

	Carrying amount	Fair value
2024 (Millions of Yen)	¥361,774	¥443,441
2023 (Millions of Yen)	¥346,355	¥406,163
2024 (Millions of U.S. Dollars)	$2,396	$2,937

The fair value as of the end of each reporting period is based on a valuation conducted by independent appraisers having current experience in the locations and categories of the Investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the Investment property is located, is based on market evidence of transaction prices for similar properties.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value – unobservable inputs, in accordance with International Financial Reporting Standard No.13 Fair Value Measurement ("IFRS 13").

Rental income from Investment property for the years ended March 31, 2024 and 2023 are ¥40,524 million ($268 million) and ¥38,090 million, respectively, and are reported in "Revenues" in the Consolidated statement of comprehensive income. Expenses directly

20241025040081

attributable to generating rental income (including repairs and maintenance) for the years ended March 31, 2024 and 2023 are ¥30,497 million ($202 million) and ¥28,131 million, respectively, and are included mainly in "Cost."

15. Biological Assets

Biological assets as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance, beginning of year	¥ 36,891	¥ 40,241	$ 244
Increases due to purchases	444	374	3
Decreases due to harvest	(1,198)	(1,193)	(8)
The gain or loss arising from changes in fair value less costs to sell	531	(1,766)	3
Exchange differences on translating foreign operations	2,967	(765)	20
Balance, end of year	¥ 39,635	¥ 36,891	$ 262

The Company owns forest assets (mainly pines) in New Zealand. The assets are measured at fair value less estimated selling cost. The fair value measurement for all of the Biological assets has been categorized as a Level 3 fair value – unobservable inputs, in accordance with IFRS 13 Fair Value Measurement.

16. Deferred Taxes

The tax effects of temporary differences that give rise to significant components of Deferred tax assets and liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Net operating loss carryforwards	¥ 17,021	¥ 11,105	$ 113
Securities and other investments	6,753	4,193	45
Inventories and long-lived assets	89,611	66,249	593
Allowance for doubtful receivables	6,570	5,470	44
Others	102,299	95,005	677
Deferred tax assets total	¥ 222,254	¥ 182,022	$ 1,472
Deferred tax liabilities:			
Investments accounted for using the equity method	¥ (90,195)	¥ (64,809)	$ (597)
Securities and other investments	(70,295)	(41,962)	(466)
Long-lived assets	(136,546)	(109,920)	(904)
Retirement benefit plans	(8,195)	(3,569)	(54)
Others	(28,136)	(29,547)	(186)
Deferred tax liabilities total	¥ (333,367)	¥ (249,807)	$ (2,207)

20241025040082

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Deferred tax assets	¥47,055	¥30,706	$312
Deferred tax liabilities	(158,168)	(98,491)	(1,047)

Changes in Deferred tax assets and liabilities for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net Deferred tax assets (liabilities):			
Balance, beginning of year	¥(67,785)	¥(50,935)	$(449)
Impact of changes in accounting policies	–	(39)	–
Balance, beginning of the year after changes in accounting policies	(67,785)	(50,974)	(449)
Amount recognized in other comprehensive income:			
Financial assets measured at FVTOCI	(22,692)	(2,250)	(150)
Remeasurements of defined benefit pension plans	(3,491)	(4,502)	(23)
Exchange differences on translating foreign operations	6,097	(5,347)	40
Cash-flow hedges	(6,691)	(7,422)	(45)
Hedging cost	(542)	530	(3)
Share of other comprehensive income of investments accounted for using the equity method	(1,112)	(1,157)	(7)
Amount recognized in profit or loss	(6,176)	(7,526)	(41)
Effects of acquisitions and divestitures	(8,721)	10,863	(57)
Balance, end of year	¥(111,113)	¥(67,785)	$(735)

The Companies consider the probability that a portion of, or all of the future deductible temporary differences or operating loss carryforwards can be utilized against future taxable profits on recognition of Deferred tax assets. In assessing the recoverability of Deferred tax assets, the Companies consider the scheduled reversal of Deferred tax liabilities, projected future taxable income and tax planning strategies. Based on the level of historical taxable profits and projected future taxable income during the periods in which Deferred tax assets can be recognized, the Companies determined that it is probable that the tax benefits can be utilized. The amount of the Deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. As a result of the assessment of the recoverability of Deferred tax assets, the net change in Deferred tax assets for the years ended March 31, 2024 and 2023 are a decrease of ¥12,358 million ($82 million) and a decrease of ¥14,296 million, respectively.

Deferred tax assets were not recognized for certain tax losses and deductible temporary differences which relate principally to investing in the certain subsidiaries of the Company. The Companies assess their ability to realize such Deferred tax assets and reduce the amount of those assets to the extent that the Companies believe it is not probable that tax benefits will be utilized. The amounts of unused tax loss carryforwards and deductible temporary differences for which no Deferred tax asset is recognized amounted to ¥446,517 million ($2,957 million) and ¥148,796 million ($985 million) as of March 31, 2024 and ¥502,522 million and ¥218,298 million as of March 31, 2023, respectively. The deductible temporary differences do not expire under current tax legislation.

20241025040083

The tax losses for which Deferred tax assets are not recognized as of March 31, 2024 and 2023 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
1st year	¥6,250	¥138,828	$42
2nd year	36,593	4,996	242
3rd year	48,590	35,650	322
4th year	10,611	47,641	70
5th year and thereafter	344,473	275,407	2,281
Total	¥446,517	¥502,522	$2,957

As of March 31, 2024 and 2023 in principle, the Companies recognize a Deferred tax liability on taxable temporary differences associated with investments in subsidiaries because the Companies were in a position to control the timing of the reversal of the temporary differences and it was assumed that such differences would reverse in the foreseeable future. On the other hand, the Companies did not recognize a Deferred tax liability if it is probable that the temporary differences will not reverse in the foreseeable future.
The amount of taxable temporary differences associated with investments in subsidiaries on which a Deferred tax liability is not recognized in the accompanying consolidated financial statements as of March 31, 2024 and 2023 totaled to ¥1,245,190 million ($8,246 million) and ¥1,073,055 million, respectively.

In October 2021, in order to respond to international tax challenges arising from the digitalization of the economy, the introduction of the Global Anti-Base Erosion Rules (Pillar Two) was agreed under an inclusive framework in approximately 140 countries led by the OECD and the G20. The domestic laws in each jurisdiction will be amended sequentially, but the impact on Sumitomo Corporation Group is expected to be limited.
However, this information is based on the profits and tax expenses of the previous years determined as part of the preparation of the Group's consolidated financial statements, and the actual impact on the Group's results may differ.
The Group will continue to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Due to the application of the temporary exception in International Accounting Standard No.12 Income Taxes, deferred tax assets and liabilities for income taxes arising from tax laws enacted or substantively enacted to implement the Pillar 2 model rule published by the Organization for Economic Co-operation and Development are not recognized.

Other current assets as of March 31, 2024 and 2023 include tax receivables of ¥27,324 million ($181 million) and ¥25,174 million, respectively.

20241025040084

17. Bonds and Borrowings

Details of the Bonds and borrowings (non-current), and interest rates as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Secured:			
Loans from banks and insurance companies, maturing serially through 2039, average interest rate 5.62%	¥ 284,301	¥ 227,869	$ 1,883
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2039, average interest rate 1.49%	2,097,737	2,089,743	13,892
Bonds payable in Japanese yen due,			
2023, fixed rates 0.14% to 0.86%	—	40,097	—
2024, fixed rates 0.77% to 0.83%	20,006	35,128	133
2026, fixed rate 0.14% to 0.61%	6,609	4,982	44
2027, fixed rate 0.33%	19,967	19,956	132
2028, fixed rates 0.33% to 0.65%	69,901	39,962	463
2029, fixed rates 1.24% to 1.29%	25,862	26,215	171
2030, fixed rates 0.39% to 2.26%	60,972	51,345	404
2031, fixed rates 0.29% to 2.19%	20,811	21,025	138
2032, fixed rate 0.57%	19,418	19,579	129
2033, fixed rate 0.66% to 1.01%	29,489	9,793	195
2034, fixed rate 1.03%	10,058	—	67
2038, fixed rate 0.89%	9,356	9,617	62
Medium-term notes,			
2024, fixed rate 0.90% to 2.60%	75,209	67,842	498
2026, fixed and floating rates 1.55% to 6.16%	90,361	79,600	598
2028, fixed rate 5.55%	75,693	67,976	501
Subtotal	2,915,750	2,810,729	19,310
Less: Current maturities	(459,203)	(343,996)	(3,041)
Bonds and borrowings (non-current)	¥ 2,456,547	¥ 2,466,733	$ 16,269

20241025040085

Details of the Bonds and borrowings (current) as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Short-term loans, principally from banks	¥212,803	¥248,881	$ 1,409
Commercial paper	73,180	92,479	485
Total	¥285,983	¥341,360	$ 1,894

The differences between the balances stated above and the balances presented as "Bonds and borrowings" under Current liabilities of the Consolidated statement of financial position are the amounts of Bonds and borrowings with current maturities.
The weighted average interest rates for short-term loans for the years ended March 31, 2024 and 2023 are 4.61% and 2.96%, respectively.
The weighted average interest rates for commercial paper for the years ended March 31, 2024 and 2023 are 2.74% and 0.82%, respectively.
The Companies have lines of credit agreements available for immediate borrowing with a syndicate of foreign banks as well as U.S. and European banks in the amount of $1,210 million in total and with two syndicates of domestic banks in the amount of ¥285,000 million ($1,887 million) in total.

Most short-term and long-term loans from banks contain certain covenants.
The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors. The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and the lender makes such a prepayment request. Certain agreements provide that the banks may require the borrower to obtain bank approval prior to presenting proposals for the payment of dividends and other appropriations of earnings at the general meeting of shareholders. The Companies have not been asked to make any prepayments and currently do not anticipate any prepayment requests.
The Companies have been in compliance with all of the bonds and borrowing obligations covenants for the years ended March 31, 2024 and 2023.

20241025040086

18. Liabilities Arising from Financing Activities

Changes in liabilities arising from financing activities for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen					
	Short-term loans, principally from banks	Commercial paper	Long-term loans, principally from banks	Bonds	Lease liabilities	Total
Balance as of April 1, 2022	¥ 199,715	¥ 64,000	¥ 2,268,629	¥ 489,030	¥ 483,847	¥ 3,505,221
Increase in lease liabilities	—	—	—	—	104,519	104,519
Cash flows	25,321	29,053	(34,721)	716	(71,509)	(51,140)
Increase (decrease) of changes in fair value	(42)	—	(3,626)	(1,169)	—	(4,837)
Increase through business combinations	13,655	—	11,837	—	9,325	34,817
Deconsolidation of subsidiaries	(842)	—	(7,318)	—	(10,558)	(18,718)
Exchange rate changes	5,015	(574)	63,727	5,439	4,325	77,932
Others	6,059	—	19,084	(899)	(22,132)	2,112
Balance as of March 31, 2023	¥ 248,881	¥ 92,479	¥ 2,317,612	¥ 493,117	¥ 497,817	¥ 3,649,906
Increase in lease liabilities	—	—	—	—	75,760	75,760
Cash flows	(58,177)	(24,826)	(55,402)	13,645	(74,710)	(199,470)
Increase (decrease) of changes in fair value	33	—	(2,155)	(1,742)	—	(3,864)
Increase through business combinations	625	—	2,472	—	6,595	9,692
Deconsolidation of subsidiaries	—	—	—	—	(1,282)	(1,282)
Exchange rate changes	19,912	5,527	103,268	28,853	15,464	173,024
Others	1,529	—	16,243	(161)	(14,536)	3,075
Balance as of March 31, 2024	¥ 212,803	¥ 73,180	¥ 2,382,038	¥ 533,712	¥ 505,108	¥ 3,706,841

For the year ended March 31, 2024

	Millions of U.S. Dollars					
	Short-term loans, principally from banks	Commercial paper	Long-term loans, principally from banks	Bonds	Lease liabilities	Total
Balance as of April 1, 2023	$ 1,648	$ 612	$ 15,348	$ 3,267	$ 3,297	$ 24,172
Increase in lease liabilities	—	—	—	—	502	502
Cash flows	(385)	(164)	(367)	90	(495)	(1,321)
Increase (decrease) of changes in fair value	0	—	(14)	(12)	—	(26)
Increase through business combinations	4	—	16	—	44	64
Deconsolidation of subsidiaries	—	—	—	—	(8)	(8)
Exchange rate changes	132	37	684	191	102	1,146
Others	10	—	108	(1)	(97)	20
Balance as of March 31, 2024	$ 1,409	$ 485	$ 15,775	$ 3,535	$ 3,345	$ 24,549

For the year ended March 31, 2024, in the Consolidated statement of cash flows, other than the items listed above, Net increase in short-term debt includes deposits from associates.

20241025040087

19. Trade and Other Payables

The components of Trade and other payables as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Notes payable	¥ 54,916	¥ 49,165	$ 363
Accounts payable	1,483,135	1,500,679	9,822
Other payables	226,681	156,707	1,501
Trade and other payables	¥ 1,764,732	¥ 1,706,551	$ 11,686

The amount of Accounts payable above includes financial liabilities measured at FVTPL of ¥211,341 million ($1,400 million) and ¥220,209 million as of March 31, 2024 and 2023, respectively.

Trade and other payables in the Consolidated statement of financial position as of March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Current liabilities	¥ 1,713,936	¥ 1,648,976	$ 11,351
Non-current liabilities	50,796	57,575	335
Total	¥ 1,764,732	¥ 1,706,551	$ 11,686

20. Provisions

The changes in Provisions for the year ended March 31, 2024 are as follows:

	Millions of Yen			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	¥ 31,270	¥ 2,011	¥ 18,867	¥ 52,148
Provisions made	1,586	294	20,413	22,293
Provisions used	(728)	(5)	(6,238)	(6,971)
Accretion expense	256	—	—	256
Others	521	54	(773)	(198)
Balance, end of year	¥ 32,905	¥ 2,354	¥ 32,269	¥ 67,528

	Millions of U.S. Dollars			
	Asset retirement obligations	Employee benefits	Other provisions	Total
Balance, beginning of year	$ 207	$ 13	$ 125	$ 345
Provisions made	11	2	135	148
Provisions used	(5)	(0)	(41)	(46)
Accretion expense	2	—	—	2
Others	3	1	(5)	(1)
Balance, end of year	$ 218	$ 16	$ 214	$ 448

Asset retirement obligations are principally related to the dismantlement costs of coal exploration installations and obligation to restore leased offices to their original condition.

20241025044088

The provision for employee benefits mainly represents long service leave entitlements accrued.

Other Provisions include provision for product warranties and other items.

21. Employee Benefits

(1) Post-employment benefit

The Company has defined benefit pension plan (DBP) and lump-sum retirement benefit plans covering substantially all employees other than directors and executive officers. The plans provide benefits based on years of service, severance payment, and other factors. The Company has a responsibility to manage pension assets faithfully and has an obligation to make employee benefit contributions comply with laws and regulations. As per Defined-Benefit Corporate Pension Law, the Company reviews and adjusts the pension contribution amount once every three years to ensure its accuracy and validity. The pension plan is a contract type. The Company establishes the steering committee organized by related officers and employees as an advisory body to discuss important issues concerning the pension plan. The Committee holds meetings in a timely manner for the purpose of reporting various reports on asset management performance, the status of the system, accounting procedures, etc., as well as to review system revisions, investment policy changes, etc.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on compensation at the time of retirement, years of service and other factors. Certain subsidiaries have defined contribution retirement benefit plans.

Other than the above, the Company and certain subsidiaries have an elective defined contribution pension plans for employees who elect to contribute a portion of their bonuses received for their services rendered during the year.

20241025040089

Changes in the present value of the defined benefit obligations and changes in the fair value of the plan assets for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Changes in the defined benefit obligations:			
Balance, beginning of year	¥ (353,550)	¥ (377,236)	$ (2,341)
Service cost	(11,746)	(12,248)	(78)
Interest on obligation	(5,435)	(3,662)	(36)
Past service cost	7	(56)	0
Remeasurement	15,552	33,999	103
Exchange differences on translating foreign operations	(4,176)	(3,282)	(28)
Benefits paid	15,978	15,439	106
Curtailments or Settlements	—	—	—
Acquisitions, disposals and reclassification to liabilities associated with assets held for sale (net)	(106)	(6,504)	(1)
Balance, end of year	¥ (343,476)	¥ (353,550)	$ (2,275)
Changes in the plan assets:			
Balance, beginning of year	¥ 368,000	¥ 381,505	$ 2,437
Interest on plan assets	6,472	3,667	43
Remeasurement	24,141	(20,612)	160
Exchange differences on translating foreign operations	3,573	1,109	24
Contributions by the employer	9,833	9,720	65
Benefits paid	(14,623)	(14,074)	(97)
Settlements	—	—	—
Acquisitions, disposals and reclassification to liabilities associated with assets held for sale (net)	—	6,685	—
Balance, end of year	¥ 397,396	¥ 368,000	$ 2,632
Effect of the asset ceiling	(25,857)	—	(171)
Net amount of assets (liabilities) recorded in Consolidated statement of financial position	¥ 28,063	¥ 14,450	$ 186

The measurement dates used to determine the benefit obligations are mainly March 31 of each year.

The Companies' funding policy is based on a number of factors including the tax deductibility of contributions, funded status, actuarial calculations and other considerations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute cash to an employee retirement benefit trust for any funding deficits in benefit obligations at the fiscal year end.

The Companies' investment policy is designed to increase the value of plan assets within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the return and risk on plan assets thereon, the Companies formulate a strategic asset mix which aims at an optimal portfolio on a long-term basis and supervise asset management by selecting investment management companies and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines. The Companies' target allocation is 23% equity securities, 48% debt securities, and 29% others.

The Companies hold a meeting regularly with the asset management institutions and discuss important issues regarding pension assets investment, and request the institutions to inform violations of investment policy and important business and operating conditions of the

20241025040900

institutions.

The major categories of plan assets as of March 31, 2024 are as follows:

Categories of plan assets	Millions of Yen		
	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	¥16,306	¥ —	¥16,306
Equity securities:			
Domestic	35,547	—	35,547
Foreign	73,755	—	73,755
Debt securities:			
Domestic	53,348	—	53,348
Foreign	130,210	—	130,210
Hedge funds	—	44,604	44,604
Life insurance company general accounts	—	18,830	18,830
Private equity	—	2,020	2,020
Others	—	22,776	22,776
Total	¥309,166	¥88,230	¥397,396

The major categories of plan assets as of March 31, 2023 were as follows:

Categories of plan assets	Millions of Yen		
	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	¥32,463	¥ —	¥32,463
Equity securities:			
Domestic	31,937	—	31,937
Foreign	65,122	—	65,122
Debt securities:			
Domestic	19,943	—	19,943
Foreign	137,812	—	137,812
Hedge funds	—	41,555	41,555
Life insurance company general accounts	—	19,139	19,139
Private equity	—	901	901
Others	—	19,128	19,128
Total	¥287,277	¥80,723	¥368,000

20241025044091

The major categories of plan assets as of March 31, 2024 are as follows:

Categories of plan assets	Millions of U.S. Dollars		
	Prices are quoted in a market	Prices are not quoted in a market	Total
Cash and cash equivalents	$108	$ —	$ 108
Equity securities:			
Domestic	235	—	235
Foreign	489	—	489
Debt securities:			
Domestic	353	—	353
Foreign	862	—	862
Hedge funds	—	295	295
Life insurance company general accounts	—	125	125
Private equity	—	13	13
Others	—	151	151
Total	$ 2,047	$ 584	$ 2,631

Principal assumptions used in the actuarial valuations for the years ended March 31, 2024 and 2023 are as follows:

	2024 (%)	2023 (%)
Discount rate as of March 31	1.8	1.4
The expected rate of salary increase	2.6	2.5

The changes in the key assumptions may affect the valuations of defined benefit obligations as of March 31, 2024 and 2023. A 0.5% increase in discount rate would lead to a decrease of ¥18,327 million ($121 million) and ¥20,225 million, respectively. A 0.5% decrease in discount rate would lead to an increase of ¥22,249 million ($147 million) and ¥24,194 million, respectively. This analysis shows the sensitivity to the key assumptions without taking into account projected all cash flow information.

The employer's contributions expected to be paid for the year ending March 31, 2024 are ¥10,404 million ($69 million).

The weighted-average duration of the defined benefit obligation for the year ended March 31, 2024 is 18 years.

The Companies' pension and retirement benefits expense at the defined contribution plans for the years ended March 31, 2024 and 2023 are ¥7,956 million ($53 million) and ¥6,822 million, respectively.

In addition to lump-sum retirement benefit plans or retirement benefit pension plans, certain domestic subsidiaries participate in multi-employer defined benefit plans, and recognize the payments made during the fiscal year as an expense and contribution payable as a liability. The amount of contributions expected to be paid by the subsidiaries for the year ending March 31, 2024 are ¥836 million ($6 million).

(2) Employee Benefits Expense

The employee benefits expense included in "Cost" for the years ended March 31, 2024 and 2023 are ¥200,438 million ($1,327 million) and ¥183,117 million, respectively.

20241025044092

22. Common Stock

The numbers of shares authorized and issued as of March 31, 2024 and 2023 are as follows:

	2024 (Number of shares)	2023 (Number of shares)
Authorized:		
Ordinary shares	2,000,000,000	2,000,000,000
Issued:		
Balance, beginning of year	1,251,571,867	1,251,404,367
Adjustment for the year	(28,489,000)	167,500
Balance, end of year	1, 223,082,867	1,251,571,867

The number of shares of treasury stock as of March 31, 2024 and 2023 included in the number of shares issued shown above were 1,143,723 shares and 17,478,130 shares, respectively.

The total number of issued shares as of March 31, 2024 has increased by 257,200 shares as a result of the issuance of new shares for Performance-Linked Stock-based Remuneration. In addition, due to the cancellation of treasury stock resolved at the Board of Directors meetings held on February 6, 2023 and May 9, 2023, the total number of issued shares was reduced by 21,268,200 shares as of June 2, 2023 and 7,478,000 shares as of July 24, 2023, respectively.

23. Reserves

(1) Additional Paid-in Capital

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of ordinary shares shall be credited to Common stock. The remainder of the proceeds shall be credited to Additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from Additional paid-in capital to Common stock.

(2) Retained Earnings

The Companies Act provides that a 10% dividend of Retained earnings shall be appropriated as Additional paid-in capital or as a legal reserve until the aggregate amount of the Additional paid-in capital and the legal reserve equals 25% of Common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to Retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Companies Act is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Companies Act limits the amount of Retained earnings available for dividends. Retained earnings of ¥932,036 million ($6,172 million) and ¥901,923 million, shown by the Company's accounting records for the years ended March 31, 2024 and 2023, respectively, were not restricted by the limitations under the Companies Act.

20241025040 93

24. Other Components of Equity and Other Comprehensive Income (Loss)

The changes in Other components of equity for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Financial assets measured at FVTOCI			
Balance, beginning of year	¥ 146,112	¥ 156,806	$ 968
Adjustment for the year	77,645	6,067	513
Transfer to retained earnings	(12,334)	(16,761)	(81)
Balance, end of year	¥ 211,423	¥ 146,112	$ 1,400
Remeasurements of defined benefit pension plans			
Balance, beginning of year	¥ —	¥ —	$ —
Adjustment for the year	8,913	8,921	59
Transfer to retained earnings	(8,913)	(8,921)	(59)
Balance, end of year	¥ —	¥ —	$ —
Exchange differences on translating foreign operations			
Balance, beginning of year	¥ 427,968	¥ 307,738	$ 2,834
Adjustment for the year	353,415	120,230	2,341
Balance, end of year	¥ 781,383	¥ 427,968	$ 5,175
Cash-flow hedges			
Balance, beginning of year	¥ 66,042	¥ (9,420)	$ 437
Adjustment for the year	19,147	75,462	127
Balance, end of year	¥ 85,189	¥ 66,042	$ 564
Hedging cost			
Balance, beginning of year	¥ (2,584)	¥ (988)	$ (17)
Adjustment for the year	1,628	(1,596)	11
Balance, end of year	¥ (956)	¥ (2,584)	$ (6)
Other components of equity			
Balance, beginning of year	¥ 637,538	¥ 454,136	$ 4,222
Adjustment for the year	460,748	209,084	3,051
Transfer to retained earnings	(21,247)	(25,682)	(140)
Balance, end of year	¥ 1,077,039	¥ 637,538	$ 7,133

The following table provides each component of Other comprehensive income included in Non-controlling interests for the years ended March 31, 2024 and 2023.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Financial assets measured at FVTOCI	¥ 1,945	¥ (510)	$ 13
Remeasurements of defined benefit pension plans	2,526	(89)	17
Exchange differences on translating foreign operations	5,050	3,329	33
Cash-flow hedges	477	(452)	3
Other comprehensive income	¥ 9,998	¥ 2,278	$ 66

20241025040944

The following table provides an analysis of each component of Other comprehensive income and related tax effects (including those on Non-controlling interests) for the years ended March 31, 2024 and 2023.

2024

	Millions of Yen		
	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	¥97,859	¥(22,692)	¥75,167
Adjustment for the year	97,859	(22,692)	75,167
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	13,836	(3,491)	10,345
Adjustment for the year	13,836	(3,491)	10,345
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	359,129	5,869	364,998
Reclassification to profit or loss for the year	(6,761)	228	(6,533)
Adjustment for the year	352,368	6,097	358,465
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	80,140	(19,904)	60,236
Reclassification to profit or loss for the year	(52,550)	13,213	(39,337)
Adjustment for the year	27,590	(6,691)	20,899
Hedging cost			
Unrealized gains (losses) arising during the year	3,777	(944)	2,833
Reclassification to profit or loss for the year	(1,607)	402	(1,205)
Adjustment for the year	2,170	(542)	1,628
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	11,321	(1,112)	10,209
Reclassification to profit or loss for the year	(5,967)	—	(5,967)
Adjustment for the year	5,354	(1,112)	4,242
Total other comprehensive income	¥499,177	¥(28,431)	¥470,746

20241025040950

2023

	Millions of Yen		
	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	¥6,985	¥(2,250)	¥4,735
Adjustment for the year	6,985	(2,250)	4,735
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	13,387	(4,502)	8,885
Adjustment for the year	13,387	(4,502)	8,885
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	162,867	(5,343)	157,524
Reclassification to profit or loss for the year	(33,961)	(4)	(33,965)
Adjustment for the year	128,906	(5,347)	123,559
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	57,419	(13,313)	44,106
Reclassification to profit or loss for the year	(23,822)	5,891	(17,931)
Adjustment for the year	33,597	(7,422)	26,175
Hedging cost			
Unrealized gains (losses) arising during the year	(860)	214	(646)
Reclassification to profit or loss for the year	(1,266)	316	(950)
Adjustment for the year	(2,126)	530	(1,596)
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	46,016	(1,157)	44,859
Reclassification to profit or loss for the year	4,745	—	4,745
Adjustment for the year	50,761	(1,157)	49,604
Total other comprehensive income	¥231,510	¥(20,148)	¥211,362

20241025040096

2024

	Millions of U.S. Dollars		
	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Financial assets measured at FVTOCI:			
Gains (losses) recorded in other comprehensive income during the year	$ 648	$ (150)	$ 498
Adjustment for the year	648	(150)	498
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	92	(23)	69
Adjustment for the year	92	(23)	69
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	2,378	39	2,417
Reclassification to profit or loss for the year	(44)	1	(43)
Adjustment for the year	2,334	40	2,374
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	531	(132)	399
Reclassification to profit or loss for the year	(348)	87	(261)
Adjustment for the year	183	(45)	138
Hedging cost			
Unrealized gains (losses) arising during the year	25	(6)	19
Reclassification to profit or loss for the year	(11)	3	(8)
Adjustment for the year	14	(3)	11
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	75	(7)	68
Reclassification to profit or loss for the year	(41)	—	(41)
Adjustment for the year	34	(7)	27
Total other comprehensive income	$ 3,305	$ (188)	$ 3,117

2024102504097

25. Dividends

(1) Dividends paid during the years ended March 31, 2024 and 2023 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
		Millions of Yen (Millions of U.S. Dollars)	Yen (U.S. Dollars)		
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	¥ 81,250 ($ 611)	¥ 65 ($ 0.49)	March 31, 2022	June 27, 2022
Board of Directors' meeting held on November 4, 2022	Ordinary shares	¥ 71,889 ($ 541)	¥ 57.5 ($ 0.43)	September 30, 2022	December 1, 2022
Ordinary general meeting of shareholders held on June 23, 2023	Ordinary shares	¥ 70,960 ($ 470)	¥ 57.5 ($ 0.38)	March 31, 2023	June 26, 2023
Board of Directors' meeting held on November 23, 2023	Ordinary shares	¥ 76,367 ($ 506)	¥ 62.5 ($ 0.41)	September 30, 2023	December 1, 2023

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
		Millions of Yen (Millions of U.S. Dollars)		Yen (U.S. Dollars)		
Ordinary general meeting of shareholders held on June 21, 2024	Ordinary shares	¥ 76,371 ($ 506)	Retained earnings	¥ 62.5 ($ 0.41)	March 31, 2024	June 24, 2024

26. Share-based Payments

Information relating to the Company's share-based payments is as follows:

(1) Stock option plan

The Company has stock option plans for directors, executive officers, and corporate officers under the Company's qualification system. Under the plans, each stock option entitles the recipient to acquire 100 ordinary shares at an exercise price equal to the greater of (i) 105% of the average closing market price of the Company's ordinary share on the Tokyo Stock Exchange for the calendar month before the grant date (excluding days when there are no transactions), or (ii) the closing market price of the Company's ordinary share on the Tokyo Stock Exchange on the grant date (or the closing market price on the day immediately preceding that date, if there are no transactions on that date).

The options vest 100% at the grant date. The options granted are exercisable beginning April 1 of the fiscal year after the fiscal year in which they are granted. They are exercisable for four years and three months from that date.

It was decided, starting from FY2018, not to issue new stock options (new share acquisition rights in the form of stock options).

There is no balance of stock options outstanding and exercisable as of March 31, 2024 and 2023.

20241025040098

The Company's stock option activities for the years ended March 31, 2024 and 2023 are as follows:

	2024			2023	
	Number of shares	Weighted average exercise price		Number of shares	Weighted average exercise price
		Yen	U.S. Dollars		Yen
Outstanding, beginning of year	—	¥ —	$ —	42,000	¥ 1,516
Exercised	—	—	—	23,000	1,516
Cancelled or expired	—	—	—	19,000	1,516
Outstanding, end of year	—	—	—	—	—
Options exercisable, end of year	—	¥ —	$ —	—	¥ —

(2) Stock-linked compensation plan

The Company has stock-linked compensation plans for directors and executive officers. Under the plans, each stock option granted after August 1, 2006 entitles the recipient to acquire 100 ordinary shares at an exercise price equal to ¥1 ($0.01) per share. Each stock option granted prior to July 31, 2006 entitles the recipient to acquire 1,000 ordinary shares at an exercise price equal to ¥1 per share.

The options vest 100% at the grant date. The options granted are exercisable beginning the day after leaving their positions as both directors and executive officers of the Company. The options are exercisable for ten years from that date.

It was decided, starting from FY2018, not to issue new stock options (new share acquisition rights in the form of stock options for a stock compensation plan).

The Company's stock-linked compensation plans for the years ended March 31, 2024 and 2023 are as follows:

	2024	2023
	Number of shares	Number of shares
Outstanding, beginning of year	488,100	621,000
Exercised	105,700	132,900
Outstanding, end of year	382,400	488,100
Options exercisable, end of year	212,200	287,200

(3) Performance-linked stock compensation plan

The Company has introduced the "performance-linked stock compensation (performance share units)," under which the number of shares granted varies according to the degree to which previously determined performance conditions (share price conditions) are achieved. This also aims, to promote initiatives geared to improve corporate value over the medium- to long-term and achieve greater value sharing with shareholders through the strengthening of correlation with shareholder value to a greater degree than before.

Under this plan, on the condition that the grantees (directors and executive officers excluding outside directors) continue to serve as the Company's directors or executive officers for a certain period, they will be granted the Company's ordinary shares at the end of the evaluation period in a number adjusted between 0 and 150% according to the degree of achievement of the stock price condition (the growth rate of the Company's stock during the three-year evaluation period) during the three-year evaluation period, based on the calculation method determined by the Board of Directors after receiving a statement from the Audit & Supervisory Board Member that this is appropriate.

In addition, at the 153rd Ordinary General Meeting of Shareholders held on June 18, 2021, the Company obtained approval to set a transfer restriction on the Company's common stock to be delivered to eligible directors and executive officers who retire after the conclusion of the Ordinary General Meeting of Shareholders based on the plan.

20241025040999

The Company's performance-linked stock issued for the years ended March 31, 2024 and 2023 are as follows.

	2024	2023
Date of issue	August 17,2023	August 18,2022
Number of shares issued	257,200	167,500
Issue price (JPY per share) (U.S. Dollars)	¥2,927 $ 19.4	¥1,831 $ 13.8
The Company's stock growth rate during the evaluation period	178.4%	107.7%

(4) Restricted performance share unit-based compensation Plan

From the year ended March 31, 2022, the Company has introduced the "Restricted Performance Share Unit-Base Compensation Plan," under which the number of shares granted with a transfer restriction period varies according to the degree to which predetermined performance conditions (share price conditions) are achieved. The Company integrated the Transfer-restricted stock compensation plan and Performance-linked stock compensation plan into a single plan in order to further promote the objectives of the current stock-based remuneration, which are to enhance the link with shareholder value, promote efforts for medium/long-term improvement of corporate value, and further advance the sharing of value with shareholders.

Under this plan, on the condition that the grantees (directors and executive officers excluding outside directors) continue to serve as the Company's directors or executive officers for a certain period, they will be granted the Company's ordinary shares at the end of the evaluation period, calculated by multiplying the Company's stock growth rate (adjusted between 0 and 150%) over the three-year evaluation period by an evaluation (adjusted between 80% and 120%) based on the progress and results of initiatives regarding non-financial indicators ("response to climate change issues," "promotion of women's participation in the workforce," and "employee engagement"), based on a calculation method determined by the Board of Directors after receiving a declaration from the Audit & Supervisory Board Members that this is appropriate. Since the initial evaluation period under the new plan does not end until the last day of June 2024, no results are yet available for the Company's stock growth rate under the new plan.

The weighted average fair value and the basis of computation for the Company's restricted performance share unit-base stock granted for the years ended March 31, 2024 and 2023 are as follows. The valuation utilized Monte-Carlo Simulation method.

	2024	2023
Average share price of the Company during the first month of performance evaluation period (Yen) (U.S. Dollars)	¥2,961.6 $ 19.6	¥1,873.8 $ 14.1
Vesting period (years)	3	3
Expected dividend yield (%)	4.05	4.80
Risk-free rate (%)	0.08	0.00
Weighted average fair value per share (Yen) (U.S. Dollars)	¥3,186.7 $ 21.1	¥1,770.7 $ 13.3

(5) Share-based compensation expense

Compensation expenses incurred on the transfer-restricted stock compensation plans, performance-linked stock compensation plans and restricted performance share unit-based compensation plan for the year ended March 31, 2024 and 2023 are ¥874 million ($6 million) and ¥1,185 million, respectively.

20241025041100

27. Financial Instruments and Related Disclosures

(1) Capital Management

The fundamental principles of the Companies' capital management are to maintain an appropriate level of capital and debt and equity balance to manage business risk for the purpose of maintaining management soundness and efficiency and to promote continuous growth.

The key metrics used for capital management are as follows:

- balance between risk-adjusted assets *1 and equity; and
- times of interest-bearing liabilities (net) *2 to equity (Debt-equity ratio (net))

*1 Risk-adjusted assets are defined as the maximum expected loss amount that may arise from assets (including, but not limited to, tangible and intangible assets, contractual obligations and business activities) and that may occur within the specified probability analysis, in the specified time period.

*2 Interest-bearing liabilities (net) is total debt less the amount of cash and cash equivalents and time deposits.

Management monitors the strategies for profits and investments and the metrics at the time of planning and reviewing the medium-term management plan. As "Equity attributable to owners of the parent" is directly affected by the market conditions of foreign exchange rates and stock prices, the Companies hedge against the exchange rate risks of major investments denominated in foreign currencies and review stock holdings in a timely manner, in order to minimize the influence of changes in foreign exchange rates and stock prices upon "Equity attributable to owners of the parent."

The Companies are not subject to any externally imposed capital requirements (except for general requirements, such as those in the Companies Act).

(2) Financial Risk Management Policy

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity futures contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies enter into commodity derivatives transactions for trading purposes. The Companies are also exposed to credit risk from these derivative contracts, but it is not expected that any counterparty will fail to meet its obligations, because most of the counterparties are internationally recognized financial institutions and the contracts are diversified across a number of major financial institutions. The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

1. Foreign currency exchange rate risk management

The Companies operate internationally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Companies operate. The Companies' strategy to manage foreign currency risks is mainly to preserve the economic value of cash flows in non-functional currencies by using foreign exchange forward contracts, foreign currency swaps, after considering the net effect of offsetting foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments.

Foreign currency sensitivity analysis

The following table represents the Companies' sensitivity analysis for foreign currency risk exposures on U.S. Dollars.

The analysis shows the hypothetical impact on Profit (loss) before tax in the Consolidated statement of comprehensive income that would result from a 1% appreciation of the Yen against U.S. Dollars for the risk exposures arising from foreign currency trade receivables and payables, future contracts for sale and purchase transactions, derivatives and others at the end of the year.

20241025041O1

The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Profit (loss) before tax	¥291	¥(158)	$2

2. Interest rate risk management

The Companies are exposed to market risks arising from changes in interest rates in their business activities. In particular, interest rate fluctuations affect borrowing costs because a portion of the Companies' borrowings are floating rate borrowings and short-term borrowings are refinanced from time to time. However, the impact on borrowing costs is partially offset by returns on certain assets which are also impacted by interest rate fluctuations. The Companies monitor the interest rate risk arising from the assets and liabilities and the Companies' risk management structure is prepared to utilize derivatives contracts such as the interest rate swaps to manage the fluctuation in profits or losses due to drastic fluctuations in interest rates. In addition, a fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (IBOR reform), and all London Interbank Offered Rate (LIBOR) publications have been ceased with the end of US dollar LIBOR publication on June 30, 2023. The Companies have already finished amending contracts of financial assets and liabilities referencing LIBOR that were held at the end of the previous fiscal year. Therefore, there are no financial instruments that have not been transitioned to alternative interest rate benchmarks at the end of the current fiscal year.

Interest rate sensitivity analysis

The following table represents the hypothetical impact on the Companies' profit (loss) before tax that is attributable to financial instruments which are exposed to the risk of fluctuations in interest rates in the case where the interest rate increases by 1%. The analysis is calculated by multiplying the net amounts of floating rate interest bearing financial assets and liabilities as of March 31, 2024 and 2023 by 1%, without considering future changes in the balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and is based on the assumption that all other variable factors are held constant.

The sensitivity analysis is performed for instruments that are exposed to fluctuations in market interest rates including: floating interest rate bearing debts and loans; fixed interest rate bearing debts and loans which are converted to floating rates with interest rate swap contracts and are in substance floating interest rate bearing debts and loans; cash and cash equivalents; time deposits; and receivables and payables which have not been settled at the end of the period.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Profit (loss) before tax	¥(6,541)	¥(8,312)	$(43)

3. Credit risk management

The Companies are exposed to credit risk as a result of providing credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. The companies use its own internal rating system, Sumisho Credit Rating ("SCR"), to manage customers' credit risk. It is a nine-level rating based on the creditworthiness of the customers, and we have established the authority to determine credit limits in accordance with it. In addition, the Companies periodically review the customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, the Companies continuously perform credit evaluations on the financial conditions of customers, and based on such evaluations, obtain collateral to secure the receivables if necessary.

The Companies' receivables are from a large number of customers, spreading across diverse industries and geographical areas, therefore the Companies do not have significant concentrated credit risk exposure to any single counterparty or any group of counterparties. The credit risk on deposits and derivatives is limited because the counterparties are internationally recognized financial institutions.

20241025041102

The total amounts of guarantees, and financing commitments, and the carrying amounts of financial assets net of impairment losses recorded in the Consolidated statement of financial position, represent the Companies' maximum exposure to credit risk without taking account of any collateral obtained.

Loss allowance

Movements in loss allowance for Trade and other receivables, Contract assets, and Loans for the year ended March 31, 2024 and 2023 are as follows:

2024 (Millions of Yen)

	Trade and other receivables and Contract assets			Loans				Total
	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	
Balance, beginning of year	¥ 13,386	¥ 22,684	¥ 36,070	¥ 3,861	¥ 249	¥ 14,806	¥ 18,916	¥ 54,986
Initial recognition and recoveries	5,653	6,220	11,873	229	178	14,061	14,468	26,341
Write-off	(4,902)	(10,618)	(15,520)	(83)	(5)	(320)	(408)	(15,928)
Exchange differences on translating foreign operations	1,080	3,367	4,447	6	—	48	54	4,501
Others	—	8	8	—	—	—	—	8
Balance, end of year	¥ 15,217	¥ 21,661	¥ 36,878	¥ 4,013	¥ 422	¥ 28,595	¥ 33,030	¥ 69,908

2023 (Millions of Yen)

	Trade and other receivables and Contract assets			Loans				Total
	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	
Balance, beginning of year	¥ 13,461	¥ 17,245	¥ 30,706	¥ 4,189	¥ 181	¥ 15,243	¥ 19,613	¥ 50,319
Initial recognition and recoveries	1,924	8,751	10,675	(277)	71	(256)	(462)	10,213
Write-off	(2,661)	(3,410)	(6,071)	(65)	(3)	(239)	(307)	(6,378)
Exchange differences on translating foreign operations	605	550	1,155	14	—	58	72	1,227
Others	57	(452)	(395)	—	—	—	—	(395)
Balance, end of year	¥ 13,386	¥ 22,684	¥ 36,070	¥ 3,861	¥ 249	¥ 14,806	¥ 18,916	¥ 54,986

20241025041103

2024 (Millions of U.S. Dollars)

	Trade and other receivables and Contract assets			Loans				Total
	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired	Sub total	
Balance, beginning of year	$ 89	$ 150	$ 239	$ 26	$ 2	$ 98	$ 126	$ 365
Initial recognition and recoveries	37	41	78	2	1	93	96	174
Write-off	(32)	(70)	(102)	(1)	(0)	(2)	(3)	(105)
Exchange differences on translating foreign operations	7	22	29	0	—	0	0	29
Others	—	0	0	—	—	—	—	0
Balance, end of year	$ 101	$ 143	$ 244	$ 27	$ 3	$ 189	$ 219	$ 463

The changes in loss allowance during the year ended March 31, 2024, are mainly due to the recognition of provisions ¥13,258 million ($88 million) for loans to Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, 54.17% owned by Summit Ambatovy Mineral Resources Investment B.V., a wholly-owned subsidiary of the Company.

Carrying amount of financial assets Carrying amount of Trade and other receivables and Loans for the year ended March 31, 2024 and 2023 are as follows:

2024 (Millions of Yen)

	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired
Trade and other receivables	¥ —	¥ 1,949,007	¥ 51,210
Contract assets	—	421,467	13
Loans	95,341	11,475	29,050

2023 (Millions of Yen)

	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired
Trade and other receivables	¥ —	¥ 1,763,963	¥ 45,300
Contract assets	—	426,369	—
Loans	110,881	7,738	14,808

2024 (Millions of U.S. Dollars)

	12-month expected credit loss	Lifetime expected credit loss, not credit-impaired	Lifetime expected credit loss, credit-impaired
Trade and other receivables	$ —	$ 12,907	$ 339
Contract assets	—	2,791	0
Loans	631	76	192

The Companies' maximum credit exposure to credit risk is the carrying amount of the financial assets, and related collaterals held

20241025041104

or other credit enhancements are immaterial.

4. Commodity price risk management

The Companies are exposed to price fluctuations arising from physical commodity trades such as precious and base metals, energy products and agricultural products, as well as investments in metal mining and oil and gas development. The Companies intend to mitigate such risks by matching the volume and timing of purchase and sales or by hedging with derivatives. In addition, the Companies transact derivatives for trading purposes which are managed within defined position and loss limits. The fair value changes from these trades are limited, and do not materially affect the Companies' consolidated annual profit and total assets.

5. Liquidity risk management

The Companies' basic policy for financing operation is to secure stable medium- to long-term funds and sufficient liquidity for the operations. Management has been monitoring liquidity risk by setting various worst-case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations, borrowing from financial institutions with which the Companies have good relationships, bonds issued in the capital markets, and issuance of commercial paper. The Companies deposit these funds with highly credible financial institutions which are generally given high credit ratings by credit rating agencies.
The Companies have several unused long-term committed lines of credit with leading domestic and international financial institutions and several uncommitted lines of credit to reduce the liquidity risk.

The Companies' remaining contractual maturities for non-derivative financial liabilities as of March 31, 2024 and 2023 are as follows: "Lease liabilities" are disclosed in Note 8.

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2024				
Bonds and borrowings	¥ 745,186	¥ 1,406,220	¥ 1,050,327	¥ 3,201,733
Trade and other payables	1,693,890	32,809	38,033	1,764,732
Financial guarantee contracts	40,645	98,987	82,562	222,194
2023				
Bonds and borrowings	¥ 685,356	¥ 1,354,267	¥ 1,112,466	¥ 3,152,089
Trade and other payables	1,483,695	182,870	39,986	1,706,551
Financial guarantee contracts	46,456	58,172	52,579	157,207

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2024				
Bonds and borrowings	$ 4,935	$ 9,313	$ 6,956	$ 21,204
Trade and other payables	11,218	217	251	11,686
Financial guarantee contracts	269	656	546	1,471

2024102504105

The Companies' liquidity analysis for derivatives as of March 31, 2024 and 2023 is summarized in the table below. The table is based on the contractual future cash inflows and outflows of derivative instruments. The net contractual cash inflows and outflows of gross-settled derivative instruments are presented as net cash flows on a transaction-by-transaction basis. When receipt and payment of cash are not fixed, the amount disclosed was calculated based on the projected interest rates by reference to the yield curves at the end of the reporting period.

		Millions of Yen			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2024					
Interest rate contracts	cash receipt	¥7,371	¥23,276	¥33,391	¥64,038
	/ (payment)	(3,149)	(5,931)	(2,288)	(11,368)
Foreign exchange contracts	cash receipt	31,516	79,998	49,670	161,184
	/ (payment)	(15,396)	(10,560)	(3,542)	(29,498)
Commodity contracts	cash receipt	132,710	29,370	—	162,080
	/ (payment)	(110,836)	(25,998)	—	(136,834)
2023					
Interest rate contracts	cash receipt	¥6,715	¥21,808	¥25,826	¥54,349
	/ (payment)	(3,274)	(7,564)	(1,715)	(12,553)
Foreign exchange contracts	cash receipt	12,340	49,704	34,506	96,550
	/ (payment)	(22,190)	(9,376)	(1,392)	(32,958)
Commodity contracts	cash receipt	102,830	52,797	—	155,627
	/ (payment)	(94,160)	(34,754)	—	(128,914)

		Millions of U.S. Dollars			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2024					
Interest rate contracts	cash receipt	$ 49	$ 154	$ 221	$ 424
	/ (payment)	(21)	(39)	(15)	(75)
Foreign exchange contracts	cash receipt	209	530	329	1,068
	/ (payment)	(102)	(70)	(23)	(195)
Commodity contracts	cash receipt	879	194	—	1,073
	/ (payment)	(734)	(172)	—	(906)

(3) Fair Value of Financial Instruments

1. Fair value measurements

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are measured by using appropriate measurement techniques such as discounted future cash flow method or others.

Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

20241025041106

Other investments

The fair values of marketable securities are estimated using quoted market prices. Fair values of unlisted investments in ordinary share are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated using discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated using discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

Guarantee of third-party debt

The fair values of financial guarantees are estimated based on the premiums received or receivable from guarantors in arm's length transactions with unrelated parties.

Interest rate swaps, currency swap agreements and currency option contracts

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

Interest rate future contracts and bond future contracts

The fair values of interest rate future contracts and bond future contracts are estimated by using quoted market prices.

Commodity forwards, futures and swap contracts

The fair values of commodity forwards, futures and swap contracts are mainly estimated using quoted market prices.

20241025041107

2. Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2024 and 2023 are as follows:

Financial instruments measured at amortized cost that are included in "Marketable securities" and "Other investments" are disclosed in Note 6.

	Millions of Yen	
	2024	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥ 1,965,616	¥ 1,973,438
Financial liabilities measured at amortized cost:		
Bonds and borrowings	3,201,733	3,196,917
Trade and other payables	1,553,391	1,553,138

	Millions of Yen	
	2023	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥ 1,810,963	¥ 1,824,116
Financial liabilities measured at amortized cost:		
Bonds and borrowings	3,152,089	3,152,099
Trade and other payables	1,486,342	1,486,140

	Millions of U.S. Dollars	
	2024	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	$ 13,017	$ 13,069
Financial liabilities measured at amortized cost:		
Bonds and borrowings	21,204	21,172
Trade and other payables	10,287	10,286

3. Financial instruments measured at fair value

IFRS 13 *Fair Value Measurement* requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

20241025041108

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2024 and 2023 are as follows:

	Millions of Yen			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥1,451	¥ —	¥59,051	¥60,502
Financial assets measured at FVTOCI	311,451	—	112,555	424,006
Trade and other receivables measured at FVTPL	—	98,978	—	98,978
Other financial assets (derivatives)				
Derivatives designated as hedges	—	197,273	—	197,273
Derivatives not designated as hedges	6,214	176,583	24	182,821
Total	¥319,116	¥472,834	¥171,630	¥963,580
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥(211,341)	¥ —	¥(211,341)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(14,959)	—	(14,959)
Derivatives not designated as hedges	(14,168)	(147,852)	(233)	(162,253)
Total	¥(14,168)	¥(374,152)	¥(233)	¥(388,553)

20241025041109

	Millions of Yen			
	2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥3,137	¥ —	¥40,636	¥43,773
Financial assets measured at FVTOCI	222,668	—	116,891	339,559
Trade and other receivables measured at FVTPL	—	75,233	—	75,233
Other financial assets (derivatives)				
Derivatives designated as hedges	—	134,423	—	134,423
Derivatives not designated as hedges	3,217	164,265	—	167,482
Total	¥229,022	¥373,921	¥157,527	¥760,470
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥(220,209)	¥ —	¥(220,209)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(23,082)	—	(23,082)
Derivatives not designated as hedges	(14,281)	(136,418)	—	(150,699)
Total	¥(14,281)	¥(379,709)	¥ —	¥(393,990)

20241025041110

	Millions of U.S. Dollars			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	$ 10	$ —	$ 391	$ 401
Financial assets measured at FVTOCI	2,062	—	746	2,808
Trade and other receivables measured at FVTPL	—	655	—	655
Other financial assets (derivatives)				
Derivatives designated as hedges	—	1,306	—	1,306
Derivatives not designated as hedges	41	1,170	(1)	1,210
Total	$ 2,113	$ 3,131	$ 1,136	$ 6,380
Liabilities:				
Trade and other payables measured at FVTPL	$ —	$ (1,399)	$ —	$ (1,399)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(99)	—	(99)
Derivatives not designated as hedges	(94)	(979)	(2)	(1,075)
Total	$ (94)	$ (2,477)	$ (2)	$ (2,573)

20241025041111

Reconciliation between the beginning and ending balance of financial assets measured at fair value on a recurring basis using Level 3 inputs for the year ended March 31, 2024 is as follows:

	Millions of Yen		
	2024		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	¥40,636	¥116,891	¥ —
Purchases	15,553	8,183	—
Comprehensive income			
Profit (loss) for the year (Note 1)	1,944	—	(255)
Other comprehensive income (Note 2)	4,501	2,273	—
Disposals	(337)	(11,733)	—
Settlements	(3,067)	(625)	46
Others (Note 3)	(179)	(2,434)	—
Balance, end of year	¥59,051	¥112,555	¥(209)
Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	¥4,417	¥ —	¥(209)

	Millions of U.S. Dollars		
	2024		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	$ 269	$ 774	$ —
Purchases	103	54	—
Comprehensive income			
Profit (loss) for the year	13	—	(2)
Other comprehensive income	30	15	—
Disposals	(2)	(77)	—
Settlements	(21)	(4)	1
Others	(1)	(16)	—
Balance, end of year	$ 391	$ 746	$ (1)
Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	$ 29	$ —	$ (1)

Notes:

1. The above profits or losses for the year were included in "Sales of tangible products," "Cost of tangible products sold" and "Gain (loss) on securities and other investments, net" in the Consolidated statement of comprehensive income.
2. The impact of exchange rate fluctuations (included in Exchange differences on translating foreign operations) is included.
3. The impact of changes in the scope of consolidation of subsidiaries is included.

(4) Derivatives and Hedge Accounting

Fair-value hedges

Fair-value hedge is a type of hedge that mitigates the risk of changes in the fair values of assets and liabilities or firm commitments. The

20241025041112

Companies use commodity futures contracts and foreign exchange forward contracts to hedge the changes in fair values on firm commitments. The Companies use interest rate swaps to hedge the changes in fair values on fixed rate borrowings used to fund assets earning interest at floating rates. Changes in the fair values of derivatives designated as fair-value hedges are recognized in profit or loss and are offset by corresponding changes in the fair values of the hedged item to the extent the hedge is effective. For the years ended March 31, 2024 and 2023, net gains or losses for hedged items are net losses of ¥5,445 million ($36 million) and net gains of ¥6,433 million, respectively, and net gains or losses for hedging instruments are net gains of ¥5,445 million ($36 million) and net losses of ¥6,433 million, respectively.

Cash-flow hedges

Cash-flow hedge is a type of hedge that uses derivatives to offset the variability of expected future cash flows. The Companies use commodity future contracts and foreign exchange forward contracts to hedge the variability of cash flows related to forecasted transactions and interest rate swaps to hedge the variability of cash flows related to floating-rate borrowings. The Companies recognize changes in the fair values of derivative instruments that are designated as cash-flow hedges in Other comprehensive income as "Cash-flow hedges" and include in Other components of equity to the extent the hedge is effective. Foreign currency basis spread on cross currency interest rate swaps is excluded from hedging instruments, and changes in the fair value are recognized in Other comprehensive income as "Hedging cost" and include in Other components of equity. The balances accumulated in Other components of equity are reclassified into profit or loss in the period when the hedged items are recognized in profit or loss.

For the years ended March 31, 2024 and 2023, net derivative gains or losses (net of the related tax) that are expected to be reclassified into profit or loss within the next fiscal year are net gains of ¥10,004 million ($66 million) and net gains of ¥1,663 million, respectively.

Hedges of net investments in foreign operations

The Companies use currency swaps, foreign currency bonds and foreign currency borrowings to hedge against the foreign currency risk of the net investments in foreign operations. The Companies recognized changes in fair values of derivatives designated as hedging instruments and exchange differences in foreign currency borrowings designated as hedging instruments in other comprehensive income in Other components of equity to the extent the hedge is effective.

Derivatives not designated as hedges

The Companies use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting.

The Companies use foreign exchange forward contracts to economically hedge against the fluctuations of foreign exchange rates on foreign currency assets, liabilities and unrecognized firm commitments. The Companies also enter into commodity forwards, futures and swap contracts to economically hedge their inventories and unrecognized firm commitments against market price fluctuations. Certain commodity derivatives are entered into for trading purposes to the extent approved by management. These derivatives do not qualify for hedge accounting and any changes in their fair values are recognized in profit or loss.

20241025041113

The fair values of derivative instruments as of March 31, 2024 and 2023 are as follows:

2024

	Millions of Yen				
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	¥8,660	¥47,151	¥ —	¥1,019	¥56,830
Foreign exchange contracts	7,315	133,680	108	20,081	161,184
Commodity contracts	—	359	—	161,721	162,080
Total	¥15,975	¥181,190	¥108	¥182,821	¥380,094
Other financial assets (current)					176,934
Other financial assets (non-current)					228,372
Total					¥405,306
[Derivative liabilities]					
Interest rate contracts	¥(4,827)	¥(5,684)	¥ —	¥(369)	¥(10,880)
Foreign exchange contracts	(22)	(3,415)	(954)	(25,107)	(29,498)
Commodity contracts	—	(57)	—	(136,777)	(136,834)
Total	¥(4,849)	¥(9,156)	¥(954)	¥(162,253)	¥(177,212)
Other financial liabilities (current)					(139,118)
Other financial liabilities (non-current)					(60,245)
Total					¥(199,363)

Other than the above, the Companies have foreign currency borrowings of ¥342,227 million ($2,266 million) and foreign currency bonds of ¥50,127 million ($332 million) that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits. The amounts of "Other financial assets and liabilities" in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥76,767 million ($508 million).

20241025041114

2023

	Millions of Yen				
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	¥11,955	¥36,580	¥ —	¥1,193	¥49,728
Foreign exchange contracts	12	84,916	280	11,342	96,550
Commodity contracts	28	652	—	154,947	155,627
Total	¥11,995	¥122,148	¥280	¥167,482	¥301,905
Other financial assets (current)					123,827
Other financial assets (non-current)					190,736
Total					¥314,563
[Derivative liabilities]					
Interest rate contracts	¥(4,606)	¥(6,951)	¥ —	¥(352)	¥(11,909)
Foreign exchange contracts	(1,813)	(5,095)	(4,539)	(21,511)	(32,958)
Commodity contracts	(5)	(73)	—	(128,836)	(128,914)
Total	¥(6,424)	¥(12,119)	¥(4,539)	¥(150,699)	¥(173,781)
Other financial liabilities (current)					(119,170)
Other financial liabilities (non-current)					(57,243)
Total					¥(176,413)

Other than the above, the Companies have foreign currency bonds of ¥46,062 million and foreign currency borrowings of ¥337,944 million that are designated as hedging instruments to hedge the net investments in foreign operations.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated statement of financial position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits. The amounts of "Other financial assets and liabilities" in the Consolidated statement of financial position that are subject to enforceable master netting arrangements or similar arrangements are ¥64,519 million.

20241025041115

2024

	Millions of U.S. Dollars				
	Fair-value hedges	Cash-flow hedges	Hedges of net investment in foreign operations	Derivatives not designated as hedges	Total
[Derivative assets]					
Interest rate contracts	$ 58	$ 312	—	$ 6	$ 376
Foreign exchange contracts	48	886	1	133	1,068
Commodity contracts	—	2	—	1,071	1,073
Total	$ 106	$ 1,200	$ 1	$ 1,210	$ 2,517
Other financial assets (current)					1,172
Other financial assets (non-current)					1,512
Total					$ 2,684
[Derivative liabilities]					
Interest rate contracts	$ (32)	$ (38)	—	$ (3)	$ (73)
Foreign exchange contracts	0	(23)	(6)	(166)	(195)
Commodity contracts	—	(0)	—	(906)	(906)
Total	$ (32)	$ (61)	$ (6)	$ (1,075)	$ (1,174)
Other financial liabilities (current)					(921)
Other financial liabilities (non-current)					(399)
Total					$ (1,320)

28. Revenue

(1) Contract balances

1. Contract assets

"Contract assets" are the rights of the Companies to considerations in exchange for goods or services that the Companies have transferred to a customer in the normal course of business, when those rights are conditioned on something other than the passage of time.

Contract assets are transferred to receivables arising from contracts with customers when the rights of the Companies to consideration become unconditional. The changes in contract assets during the year ended March 31, 2024 are mainly due to the satisfaction of performance obligations of long-term construction contracts in infrastructure business.

2. Contract liabilities

"Contract liabilities" represent the Companies' obligations to transfer goods or services to a customer for which the Companies have received considerations or the amount is due. There are no significant changes in the Contract liabilities balances during the year ended March 31, 2024. Also, the amount of Contract liabilities that was included in the beginning balance as of April 1, 2023 and from which revenue has not been recognized during the year ended March 31, 2024 is not material.

(2) Transaction price allocated to the remaining performance obligations

The Companies customarily enter into long-term sales contracts for certain transactions. For the performance obligation of these long-term sales contracts, the amount of transaction price allocated to the remaining performance obligations as of March 31, 2024 and March 31, 2023 are ¥2,364,147 million ($15,657 million) and ¥2,190,254 million. These remaining performance obligations include contracts

20241025041116

such as long-term sales contracts in energy business and long-term construction contracts in biomass fuel business, and are deemed to be recognized as revenue within 24 years at March 31, 2024. As a practical expedient stipulated in IFRS 15, the amount above does not include transaction price allocated to the performance obligation of a contract with an original expected duration of one year or less.
In addition, the Companies include the variable consideration of these long-term contracts in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

29. Exchange Difference Gains and Losses

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in profit or loss as they arise. Net foreign exchange losses of ¥8,080 million ($54 million) and losses of ¥28,322 million are included in the Consolidated statement of comprehensive income for the years ended March 31, 2024 and 2023, respectively.

30. Selling, General and Administrative Expenses

The components of Selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Employee benefits expenses	¥ 506,319	¥ 454,606	$ 3,353
Equipment expenses	142,083	126,843	941
Travel and transportation expenses	29,655	22,225	196
Outsourcing expenses	79,794	66,361	529
Advertising expenses	18,133	15,230	120
Amortization expenses	22,054	17,699	146
Impairment losses on receivables	7,025	4,278	47
Others	122,531	104,495	811
Selling, general and administrative expenses	¥ 927,594	¥ 811,737	$ 6,143

Equipment expenses disclosed above mainly include rental expenses and depreciation of Property, plant and equipment.

20241025041117

31. Finance Income and Costs

The components of Finance income and costs for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Interest income:			
Financial assets measured at amortized cost	¥ 72,014	¥ 48,339	$ 477
Derivatives	—	1	—
Total	¥ 72,014	¥ 48,340	$ 477
Interest expense:			
Financial liabilities measured at amortized cost	¥ (87,876)	¥ (58,353)	$ (582)
Derivatives	10,471	8,766	69
Lease liabilities	(10,923)	(10,204)	(72)
Total	¥ (88,328)	¥ (59,791)	$ (585)
Dividends:			
Financial assets measured at FVTPL	¥ 8	¥ 10	$ 0
Financial assets measured at FVTOCI	13,667	20,058	91
Total	¥ 13,675	¥ 20,068	$ 91
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	¥ 618	¥ 7,960	$ 4
Others	3,092	21,090	20
Total	¥ 3,710	¥ 29,050	$ 24

Others of "Gain (loss) on securities and other investments, net" are mainly gains and losses on investments in subsidiaries and associates. Of that amount, losses or gains attributable to deconsolidation of subsidiaries for the years ended March 31, 2024 and 2023 are gains of ¥1,820 million ($12 million) and gains of ¥16,852 million, respectively.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2024 and 2023 are losses of ¥12,164 million ($81 million) and losses of ¥33,074 million included in "Revenues" and "Cost," and losses of ¥27 million ($0 million) and gains of ¥29 million included in "Other, net," respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2024 and 2023 are included in "Revenues" in the amount of ¥18,900 million ($125 million) and ¥18,207 million, respectively, and interest expense from financial liabilities measured at amortized cost is included in "Cost" in the amount of ¥2,875 million ($19 million) and ¥1,959 million in "Cost," respectively.

20241025041118

32. Income Tax Expense

Income tax expense for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Current tax	¥ 95,354	¥ 116,349	$ 631
Deferred tax	6,176	7,526	41
Total	¥ 101,530	¥ 123,875	$ 672

The Company is subject to national corporate tax, inhabitant tax and deductible business tax. The applicable tax rate calculated based on these taxes is 31.0% for both years ended March 31, 2024 and 2023. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The reconciliation between the applicable income tax rate in Japan and the Companies' average effective income tax rate in the Consolidated statement of comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	2024 (%)	2023 (%)
The applicable income tax rate in Japan	31.0	31.0
Tax effect on equity-accounted investees	(7.4)	(9.5)
Tax effect on expenses not deductible for tax purposes	0.4	0.3
Difference in applicable tax rate of foreign subsidiaries	(6.9)	(4.3)
Tax effect of the assessment of the recoverability of Deferred tax assets	(0.4)	1.0
Others-net	2.5	(1.4)
The Companies' average effective income tax rate	19.2	17.1

20241025041119

33. Earnings per Share

A calculation of the basic and diluted earnings per share for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Profit or loss used to calculate basic earnings per share and diluted earnings per share:			
Profit (loss) attributable to owners of the parent	¥386,352	¥565,333	$2,559
Adjustment to profit or loss	(208)	(257)	(1)
Profit or loss used to calculate basic earnings per share	386,144	565,076	2,557
Adjustment to profit or loss	208	257	1
Profit or loss used to calculate diluted earnings per share	386,352	565,333	2,559

	Number of shares	
	2024	2023
Weighted-average shares:		
Weighted-average shares-basic	1,222,466,301	1,248,421,952
Dilutive effect of:		
Stock options	—	1,819
Transfer-restricted stock compensation plan	297,017	384,983
Performance-linked stock compensation plan	372,533	405,136
Restricted performance share unit-base compensation plan	892,043	771,615
Weighted-average shares-diluted	1,224,027,894	1,249,985,505

	Yen		U.S. Dollars
	2024	2023	2024
Earnings per share (attributable to owners of the parent):			
Basic	¥315.87	¥452.63	$2.09
Diluted	315.64	452.27	2.09

20241025041120

34. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2024 and 2023 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Non-cash investing and financing activities:			
Lease liabilities incurred	¥ 75,760	¥ 104,519	$ 502
Acquisition of securities through exchange of loan receivables for securities	—	—	—
Acquisition of businesses:			
Total consideration paid	(64,513)	(25,934)	(427)
Cash and cash equivalents included in assets acquired	2,170	12,369	14
Acquisition of businesses, net of cash and cash equivalents acquired	¥ (62,343)	¥ (13,565)	$ (413)

Refer to Note 5 for fair value of assets and liabilities as of the acquisition date.

The total consideration received in respect of sales of businesses for the year ended March 31, 2024 is ¥4,502 million ($30 million).

Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen	Millions of U.S. Dollars
Cash and cash equivalents	¥ 923	$ 6
Trade and other receivables	3,585	24
Property, plant and equipment	762	5
Intangible assets	158	1
Other assets	214	1
Current liabilities	(2,184)	(14)
Non-current liabilities	(1,864)	(12)

The total consideration received in respect of sales of businesses for the year ended March 31, 2023 was ¥53,677 million.

Each major class of assets and liabilities at the point of sale is as follows:

	Millions of Yen
Cash and cash equivalents	¥ 22,147
Trade and other receivables	19,107
Property, plant and equipment	62,382
Intangible assets	3,827
Other assets	46,906
Current liabilities	(27,889)
Non-current liabilities	(49,952)

20241025041121

35. Related Party Transactions

Compensation for directors

The remuneration for directors for the years ended March 31, 2024 and 2023 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
1. Monthly remuneration	¥ 550	¥ 532	$ 4
2. Performance-Linked bonuses	397	473	2
3. Performance linked stock compensation	—	29	—
4. Restricted performance share unit-base compensation plan	251	238	2
Total	¥ 1,198	¥ 1,272	$ 8

20241025041122

36. Subsidiaries

The Companies' subsidiaries as of March 31, 2024 are as follows:

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Metal Products	Sumitomo Corporation Global Metals Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	ERYNGIUM Ltd.	Glasgow, U.K.	100.00
	Servilamina Summit Mexicana S.A. de C.V.	Queretaro, Mexico	100.00
	Sumiputeh Steel Centre Sdn. Bhd.	Selangor, Malaysia	90.00
	Edgen Group	Baton Rouge, U.S.	100.00 (100.00)
	Sekal AS	Stavanger, Norway	100.00
	B&L Pipeco Services	Houston, U.S.	100.00 (100.00)
	P2 Energy Services	Spring, U.S.	100.00 (100.00)
	Others (46 Companies)		
Transportation & Construction Systems	KIRIU Corporation	Ashikaga, Tochigi	100.00
	Sumitomo Precision Products Co., Ltd.	Amagasaki, Hyogo	100.00
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (10.00)
	Tecnologia Para La Construccion Y Mineria S.L.	Madrid, Spain	100.00 (60.00)
	Toyota Ukraine	Kiev, Ukraine	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	P.T. Summit Auto Group	Jakarta, Indonesia	100.00 (0.01)
	Summit Motors Vladivostok	Vladivostok, Russia	100.00
	Summit Capital Leasing Co., Ltd.	Bangkok, Thailand	99.64 (50.64)
	Moto-Pfohe EOOD	Sofia, Bulgaria	100.00
	Sunstate Equipment Co. LLC	Phoenix, U.S.	100.00 (100.00)
	Aimo Holding AB	Stockholm, Sweden	100.00
	SML Isuzu Ltd.	Chandigarh, India	43.96
	Linder Industrial Machinery	Plant City, U. S.	100.00 (100.00)
	Aver Asia (S) Pte Ltd	Singapore	100.00
	Others (85 Companies)		

20241025041123

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Infrastructure	Summit Energy Corporation	Chiyoda-ku, Tokyo	100.00
	Sumitomo Shoji Machinex Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Sumisho Global Logistics Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	P.T. Central Java Power	Jakarta, Indonesia	100.00 (25.00)
	Summit Renewable Energy Europe Limited	London, U.K.	100.00
	Perennial Power Holdings	New York, U.S.	100.00 (100.00)
	SRPT SAS	Paris, France	100.00
	SRPN SAS	Paris, France	100.00
	Others (71 Companies)		
Media & Digital	SCSK Corporation	Koto-ku, Tokyo	50.60
	Presidio Ventures, Inc.	Santa Clara, U.S.	100.00 (100.00)
	Sumitomo Corporation Equity Asia Limited	Hong Kong, China	100.00
	IN Venture	Tel Aviv, Israel	99.00 (1.00)
	Others (42 Companies)		
Living Related & Real Estate	Summit, Inc.	Suginami-ku, Tokyo	100.00
	IG Kogyo Co., Ltd.	Higashine, Yamagata	65.68
	S.C. Cement Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Tomod's	Bunkyo-ku, Tokyo	100.00
	SC Foods Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Highline Produce Limited	Leamington, Canada	100.00
	SC Healthcare Holdings	Petaling Jaya, Malaysia	100.00
	Fyffes International	Geneva,Switzerland	100.00 (100.00)
	Zhu Li (Jinan) Real Estate	Jinan, China	100.00
	Others (170 Companies)		
Mineral Resources, Energy, Chemical & Electronics	Sumitomo Shoji Chemicals Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Sumitronics Corporation	Chiyoda-ku, Tokyo	100.00
	Summit Agri-Business Corporation	Chiyoda-ku, Tokyo	100.00

2024102504124

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	Enessance Holdings Co., Ltd.	Minato-ku, Tokyo	53.86
	SUMISHO METALEX CORPORATION	Chiyoda-ku, Tokyo	100.00
	Summit Agro International Ltd.	Chiyoda-ku, Tokyo	100.00
	Sumi Agro Europe Limited	London, U.K.	100.00
	Interacid Trading S.A.	Lausanne, Switzerland	100.00 (30.00)
	SC Minerals America, Inc.	Denver, U.S.	100.00 (15.25)
	Sumitomo Corporation Global Commodities Limited	London, U.K.	100.00
	SCAP C Pty Ltd	Sydney, Australia	100.00
	Summit Ambatovy Mineral Resources Investment B.V.	Amsterdam, Netherlands	100.00
	Sumisho Coal Australia Holdings Pty. Ltd.	Sydney, Australia	100.00
	Pacific Summit Energy LLC.	Irvine, U.S.	100.00 (100.00)
	SC Quebrada Blanca SPA	Santiago, Chile	100.00
	SUMMIT RURAL (WA) PTY LIMITED	Kwinana, Australia	100.00 (20.00)
	Agro Amazonia Produtos Agropecuarios S.A	Cuiabá, Brasil	100.00
	SC Metal Pty Ltd	Melbourne, Australia	100.00 (10.00)
	Nativa Agronegocios & Representacoes	Minas Gerais, Brazil	100.00 (100.00)
	SCMI	London, U.K.	100.00
	Diversified C.P.C International Inc	Illinois, U.S.	96.00 (80.00)
	Summit Agro Argentina S.A.	Buenos Aires, Argentina	100.00 (20.00)
	Saconix LLC.	Georgia, U.S.	100.00 (100.00)
	Others (86 Companies)		
Others	Yasato Kosan Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Summit Forests New Zealand Limited	Auckland, New Zealand	100.00
	Sumitomo Corporation of Americas	New York, U.S.	100.00
	Sumitomo Corporation Europe Holding Limited	London, U.K.	100.00 (100.00)
	Sumitomo Corporation (China) Holding Ltd.	Beijing, China	100.00
	Sumitomo Corporation Asia & Oceania Pte. Ltd.	Singapore	100.00 (100.00)

20241025041125

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	Sumitomo Corporation Do Brasil S.A.	Sao Paulo, Brazil	100.00
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	100.00 (100.00)
	Sumitomo Corporation (Central Eurasia) LLC	Moscow, Russia	100.00
	Sumitomo Corporation Korea Ltd.	Seoul, Korea	100.00
	Sumitomo Corporation Middle East FZE	Dubai, U.A.E.	100.00 (100.00)
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong, China	100.00
	Others (53 Companies)		

Notes:

1. The percentage in the parenthesis under "Proportion of voting power held by the Companies" indicates the indirect ownership out of the total ownership noted above.
2. Although the Company owns 50% or less of the voting rights in SML Isuzu, SML Isuzu is a subsidiary of the Company because the Company effectively controls SML Isuzu.
3. "Others" include the companies belonging to the Energy Innovation Initiative.

37. Commitments and Contingent Liabilities

(1) Commitments

The Companies customarily enter into long-term purchase commitments for certain items, principally ocean transport vessels and industry materials, either at fixed prices or at variable prices adjustable to market. Such purchase commitments are in most instances matched with counter-party sales contracts. Long-term purchase contracts with equity-accounted investees at fixed prices or at variable prices adjustable to market amounted to ¥977,679 million ($6,475 million) as of March 31, 2024. Scheduled deliveries are at various dates through 2033. The Companies also have entered into financing contract for loans and capital investment, and use of equipment contract, which amounts for ¥937,571 million ($6,209 million) as of March 31, 2024. Of that amount, ¥166,034 million ($1,100 million) is accounted for contract with equity-accounted investees.

For lease commitments to which the Companies are the lessees, refer to Note 8.

20241025041126

(2) Guarantees

The Companies enter into various guarantee agreements. These agreements include credit enhancement for equity-accounted investees, suppliers and customers.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees as of March 31, 2024:	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Guarantees for indebtedness of:			
Equity-accounted investees	¥135,398	¥ 75,862	$ 896
Third parties	86,796	81,345	575
Total	¥222,194	¥ 157,207	$ 1,471

1. Guarantees for Indebtedness of Equity-accounted investees

The Companies provide guarantees on certain equity-accounted investees' borrowings from banks, payables to suppliers and other indebtedness. These guarantees mature through 2034. Some of the guarantees include back guarantees, and the balance of such back guarantees is ¥2,707 million ($18 million) as of March 31, 2024. The Companies would be obliged to reimburse the banks for losses, if an equity-accounted investee defaults on a guaranteed loan.

2. Guarantees for Indebtedness of Third Parties

The Companies also provide guarantees for indebtedness of third parties. These guarantees are arranged mainly with suppliers and customers and mature through 2049. Some of the guarantees are secured by counter guarantees, whose balances are ¥10,512 million ($70 million) as of March 31, 2024.

The Companies are obligated to pay for indebtedness in case the guaranteed party defaults. Some of these guarantees are collateralized by assets of a guaranteed party.

The Companies record the loss allowance for expected credit losses regarding to those commitments and guarantees. The management does not anticipate any significant losses arising from such commitments and guarantees.

(3) Litigation and others

The Companies are involved in certain legal actions and claims incidental to its business. Management concludes that none of these actions or claims will have a material impact on the Companies' financial position or results of operations.

38. Subsequent Events

Significant subsequent events as of June 21, 2024, the date of approval of the Company's consolidated financial statements, are as follows.

Repurchases and Cancellation of Treasury Stock

At a meeting of its Board of Directors held on May 2, 2024, the Company has resolved to repurchase shares of its common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Act, and to cancel a portion of its treasury stock in accordance with Article 178 of the Act. Details of the repurchase and cancellation are as follows.

1. Purpose of the share repurchases

To improve capital efficiency and to enhance shareholder returns

2. Details of the share repurchases

(1) Class of shares to be repurchased: Common stock

20241025041127

(2) Total number of shares to be repurchased: Up to 19 million shares (Ratio to the number of outstanding shares (excluding treasury stock) about 1.6%)

(3) Aggregate repurchase amount: Up to 50 billion yen

(4) Period for repurchases: From May 7, 2024 to July 19, 2024

(5) Method of repurchases: Purchase on the Tokyo Stock Exchange

3. Details of cancellation

(1) Class of shares to be cancelled: Common stock

(2) Total number of shares of treasury stock to be cancelled: All shares repurchased

(3) Scheduled date of cancellation: August 28, 2024

(Reference)

Number of treasury stock shares (as of March 31, 2024)

Number of outstanding shares (excluding treasury stock): 1,221,939,144 shares

Number of treasury stock shares: 1,143,723 shares

39. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by Shingo Ueno, Representative Director, President and Chief Executive Officer, and Reiji Morooka, Chief Financial Officer, on June 21, 2024.

20241025041128

Independent Auditor's Report

To the Board of Directors of Sumitomo Corporation.:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2024 , and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising Material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 , and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Valuation of the Property, Plant and Equipment Held by Joint Ventures Accounted for Using the Equity Method that Operate the Nickel Mining and Refining Business in Madagascar	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 11, "Investments Accounted for Using the Equity Method" to the consolidated financial statements, Sumitomo Corporation ("the Company") holds a 54.17% equity interest each in AMBATOVY MINERALS S.A. and DYNATEC MADAGSCAR S.A., which operate a nickel mine and a nickel refining plant, respectively, in Madagascar. The Company applies the equity method to the investments in these companies that operate a nickel mining and refining business in Madagascar (the "Project Companies"), determining that they fall under joint ventures in accordance with the shareholders' agreement. As described in Note 3, "Material Accounting Policies, (10) Impairment" to the consolidated	The primary procedures we performed to assess the appropriateness of the valuation of the PPE held by joint ventures accounted for using the equity method that operate the nickel mining and refining business in Madagascar included the following: **(1) Internal control testing** We tested the design effectiveness of certain internal controls relevant to the measurement of the fair value less cost of disposal in the impairment testing on the PPE. **(2) Assessment of the reasonableness of the estimated fair value**

20241025041129

financial statements, since the Project Companies hold property, plant and equipment ("PPE"), mainly including equipment for the nickel mining and refining business, an impairment test is required to be performed whenever there is any indication of impairment for those PPE. In the impairment testing, the recoverable amount is calculated by using the higher of either the value in use of a cash-generating unit or the fair value less cost of disposal of the asset. When the recoverable amount of a group of cash-generating units is less than the carrying amount, an impairment loss is recognized. The Company recognized the ownership interests' share in the impairment loss on the PPE held by the Project Companies as share of loss of investments accounted for using the equity method. If the Company's share of loss of investments accounted for using the equity method exceeded the amount of investments in the Project Companies accounted for using the equity method, the excess was allocated to the long-term interests that, in substance, form part of the net investments, such as loan receivables. An impairment loss was recognized on the PPE held by the Project Companies since the recoverable amount was less than the carrying amount as a result of the impairment testing for the current fiscal year. As described in Note 11, "Investments Accounted for Using the Equity Method" to the consolidated financial statements, with respect to the ownership interests' share in the impairment loss recognized on the PPE held by the Project Companies, the Company reduced total investments in the Project Companies accounted for using the equity method and total loan receivables held as long-term interests, which amounted to ¥75,462 million in total, to zero and recognized the resulting decrease as share of loss of investments accounted for using the equity method. The fair value less cost of disposal was used for calculating the recoverable amount related to the PPE of the Project Companies. The estimated fair value less cost of disposal involved management's assumptions on prices of and production volume of natural resources (mainly nickel and cobalt). Since the projected prices of natural resources included outlooks for market fluctuations and the projected production volume of natural resources may change in the case of any equipment breakdowns at the Project Companies, these key assumptions involved a high degree of uncertainty. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the fair value less cost of disposal requires a high degree of expertise in valuation.	We inquired of management to assess the appropriateness of key assumption related to the prices and production volume of natural resources, which formed the basis for measuring the fair value less cost of disposal in the impairment testing on the PPE. In addition, we performed the following procedures: ● Projected prices of natural resources Compared the projected prices of natural resources with the average of the estimated long-term prices published by external research organizations. ● Projected production volume of natural resources - Compared the past projected production volume of natural resources with past actual results and analyzed the causes of any variances; and - Understood the relationship between the production volume of natural resources and the size of production equipment and assessed the consistency of the projected production volume of natural resources with the capital investment plan. In addition, we requested the component auditor of the Project Companies to perform the following audit procedures related to the discount rate and evaluated the report of the component auditor as to whether sufficient and appropriate audit evidence was obtained from them: ● Independent development of the range of discount rate that was deemed reasonable by the valuation specialists within the network firms of the component auditor; and ● Assessment of whether the discount rate used for the impairment test was within the range of discount rate that was deemed reasonable by the valuation specialists within the network firms of the component auditor.

20241025041130

We, therefore, determined that our assessment of the appropriateness of the valuation of the PPE held by joint ventures accounted for using the equity method that operate the nickel mining and refining business in Madagascar was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Reasonableness of the Estimated Value-in-use of the Group of Cash-generating Units to which Goodwill of the Banana & Pineapple Business within the Fresh Produce Business in Europe and the Americas was Allocated

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of financial position of Sumitomo Corporation and subsidiaries at the end of the current fiscal year, intangible assets of ¥349,829 million were recognized, which accounted for 3.2% of total assets in the consolidated financial statements. As described in Note 13, "Intangible Assets" to the consolidated financial statements, these intangible assets included ¥13,392 million allocated to the Banana & Pineapple business, a group of cash-generating units, among the goodwill arising from the acquisition of the Fresh produce business in Europe and the Americas. As described in Note 3, "Material Accounting Policies, (10) Impairment" to the consolidated financial statements, a group of cash-generating units to which goodwill has been allocated is tested for impairment at least annually or more frequently whenever it is determined that there is an indication of impairment. In the impairment testing, the recoverable amount is calculated by using the higher of either the value in use of a group of cash-generating units or the fair value less cost of disposal of the asset. When the recoverable amount of a group of cash-generating units is less than the carrying amount, an impairment loss is recognized. In the annual impairment testing for the current fiscal year, the value-in-use was used as the recoverable amount of the group of cash-generating units to which intangible assets of the Banana & Pineapple business were allocated. The recoverable amount exceeded the carrying amount, and thus no impairment loss was recognized. The future cash flows used to measure the value-in-use of the group of cash-generating units to which goodwill of the Banana & Pineapple business within the Fresh produce business in Europe and the Americas was allocated were estimated based on the business plan of the Banana & Pineapple business	The primary procedures we performed to assess the reasonableness of the estimated value-in-use of the group of cash-generating units to which goodwill of the Banana & Pineapple business within the fresh produce business in Europe and the Americas was allocated included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain internal controls relevant to measuring the value-in-use used in the impairment testing. **(2) Assessment of the reasonableness of the estimated value-in-use** To assess the appropriateness of key assumptions used by management in preparing the business plan of the Banana & Pineapple business, on which the estimated future cash flows were based, we inquired of management about the basis for those assumptions, and performed the following procedures, among others: ● assessed the appropriateness of management's assumptions related to the projected future sales volumes and margins, on which the sales plan of the business was based, by comparing these assumptions with the actual sales volumes and margins in the past and evaluating the consistency between the assumptions and external data published by external research organizations; and ● developed our own independent estimate of future cash flows that incorporated a certain level of uncertainty into the business plan, taking into consideration the results of our assessment of the appropriateness of key assumptions, as well as our analysis on the causes of any discrepancies between the past business plan and actual results, and then compared our own independent estimate

20241025041131

developed by management. The business plan included management's projection of sales volumes and margins, and involved a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for determining the discount rates, used to measure the value-in-use, requires a high degree of expertise in valuation. We, therefore, determined that our assessment of the reasonableness of the estimated value-in-use of the group of cash generating units to which goodwill of the Banana & Pineapple business within the fresh produce business in Europe and the Americas was allocated was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	with the amount estimated by management. Furthermore, we performed the following procedures by involving valuation specialists within our domestic network firms who assisted in our evaluation of the discount rate: ● assessed the appropriateness of the model used to estimate the discount rate based on subject matters relevant to valuation and the requirements of accounting standards; and ● assessed the appropriateness of the input data used to estimate the discount rate through comparison with the data published by external organizations that the valuation specialists independently obtained. In addition, we analyzed the sensitivity to changes in the input data used to estimate the discount rate on the judgment as to whether an impairment loss should be recognized.

Reasonableness of the Estimated Value-in-use of the Group of Cash-generating Units to which Goodwill of the Parking Business in Nordic Countries was Allocated

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of financial position of Sumitomo Corporation and subsidiaries at the end of the current fiscal year, intangible assets of ¥349,829 million were recognized, which accounted for 3.2% of total assets in the consolidated financial statements. As described in Note 13, "Intangible Assets" to the consolidated financial statements, these intangible assets included goodwill of ¥20,646 million, arising from the acquisition of the Parking business in Nordic countries. As described in Note 3, "Material Accounting Policies, *(10) Impairment*" to the consolidated financial statements, a group of cash-generating units to which goodwill has been allocated is tested for impairment at least annually or more frequently whenever it is determined that there is an indication of impairment. In the impairment testing, the recoverable amount is calculated by using the higher of either the value in use of a group of cash-generating units or the fair value less cost of disposal of the asset. When the recoverable amount of a group of cash-generating units is less than the carrying amount, an impairment loss is recognized. As described in Note 13, "Intangible Assets," an impairment loss of ¥12,249 million was recognized as a result of the annual impairment testing for the current fiscal year, since the recoverable amount was less than the carrying amount mainly because the	The primary procedures we performed to assess the reasonableness of the estimated value-in-use of the group of cash-generating units to which goodwill of the Parking business in Nordic countries was allocated included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain internal controls relevant to measuring the value-in-use used in the impairment testing. **(2) Assessment of the reasonableness of the estimated value-in-use** To assess the appropriateness of key assumptions used in developing the business plan of the Parking business in Nordic countries, on which the estimated future cash flows were based, we inquired of management about the basis for those assumptions, and performed the following procedures, among others: ● compared revenue of the Parking business, on which the business plan was based, with the trends in the historical experience and analyzed the causes of variances with actual results; and ● compared the projected revenue of the Parking business with available external data on potential market growth.

20241025041132

business plan reflected lower margins due to changes in the business environment. The value-in-use was used as the recoverable amount of the group of cash-generating units to which goodwill of the Parking business in Nordic countries was allocated. The future cash flows used to measure the value-in-use were estimated based on the business plan of the Parking business in Nordic countries developed by management. The business plan included management's projection of revenue of the Parking business, and involved a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use requires a high degree of expertise in valuation. We, therefore, determined that our assessment of the reasonableness of the estimated value-in-use of the group of cash generating units to which goodwill of the Parking business in Nordic countries was allocated was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	Furthermore, we performed the following procedures by involving valuation specialists within our domestic network firms who assisted in our evaluation of the discount rate: ● assessed the appropriateness of the method used to determine the discount rates based on subject matters relevant to valuation and the requirements of accounting standards; and ● assessed the reasonableness of the input data through comparison with the data published by external organizations that the valuation specialists independently obtained.

Other Information

The other information comprises the information included in the Annual Financial Report issued by the Company, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the

20241025041133

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

20241025041134

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "5. Information about Audits" of the Annual Financial Report.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(3)to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Isao Kamizuka
Designated Engagement Partner
Certified Public Accountant

Kenji Kasajima
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 21, 2024