

Annual Financial Report

SUMITOMO CORPORATION AND SUBSIDIARIES

For the year ended March 31, 2026
Together with Independent
Auditors' Report

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

1. Management Policies, Business Environment and Management Challenges

●The Progress of Medium-Term Management Plan 2026

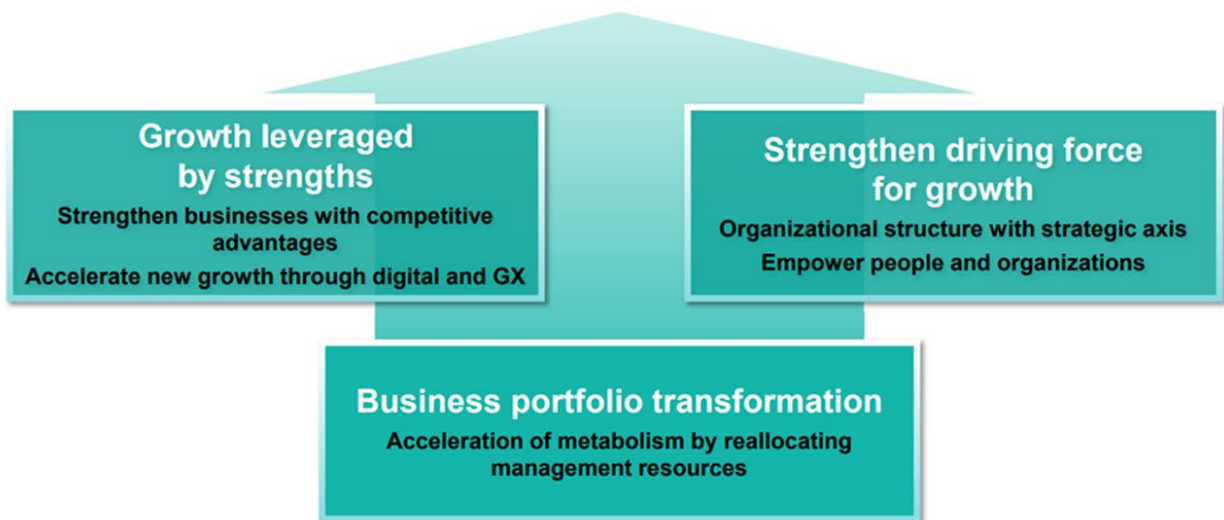
The theme of our “Medium-Term Management Plan 2026” which was started in FY2024 is “No. 1 in each field.” To enhance our competitive advantages to achieve growth through addressing social challenges, we accelerate “Business Portfolio Transformation.”

As a result of steadily promoting “Growth leveraged by strengths” and “Business portfolio transformation” in fiscal 2025, profit attributable to owners of the parent amounted to a record high of JPY 600.3 billion.

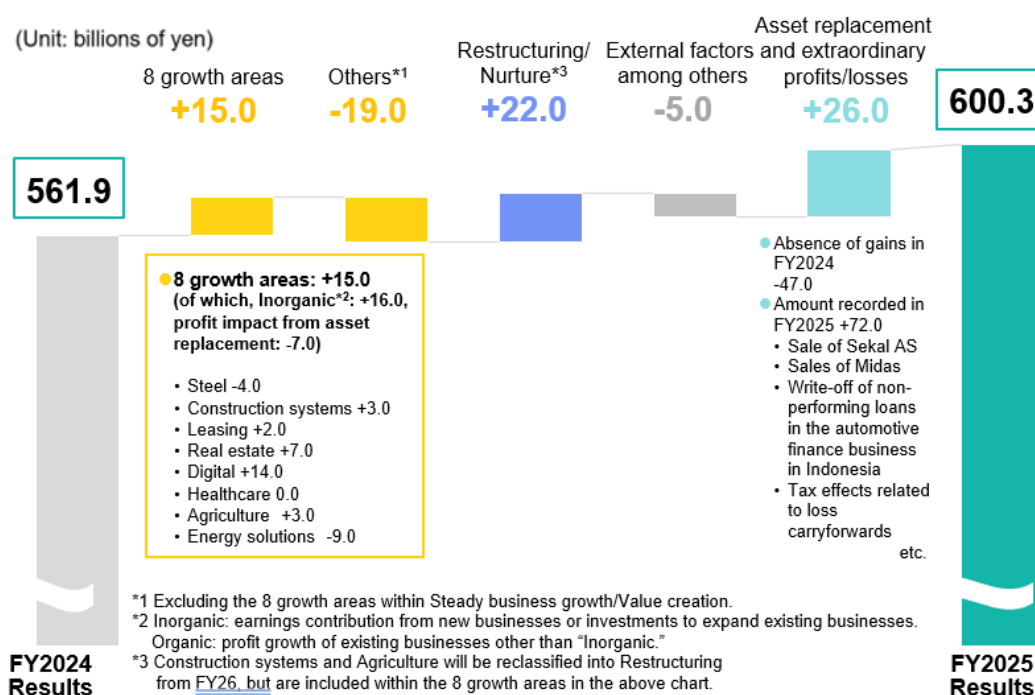
In fiscal 2026, the final year of the current Medium-Term Management Plan, although there are concerns over the potential materialization of geopolitical risks such as the situation in the Middle East, we aim to drive growth through both Organic initiatives, mainly existing businesses, and Inorganic initiatives, mainly large-scale investment projects. Through these efforts, we aim to achieve a new record-high profit of JPY 630 billion.

No.1 in Each Field

Enhance our competitive advantages to achieve growth through addressing social challenges



FY2025 Results



(1) Outline of the initiatives under Medium-term Management Plan 2026

1. Growth leveraged by strengths

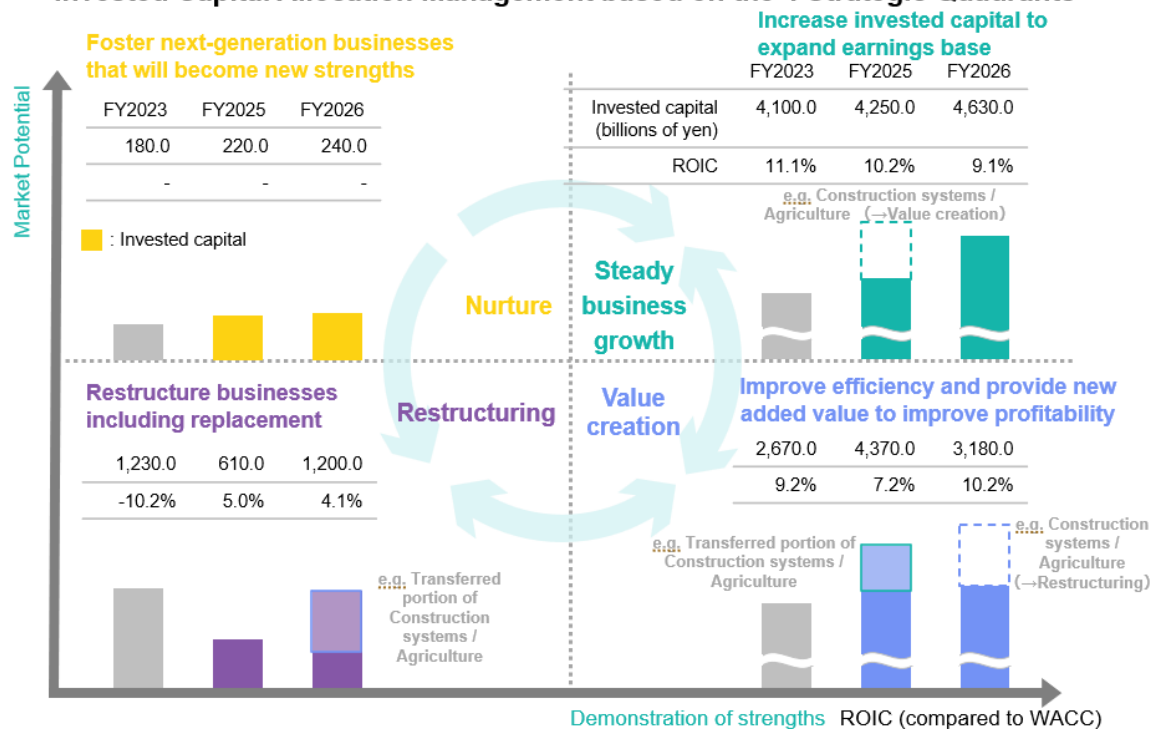
- For the 8 growth areas, the average annual growth rate of underlying profit (*) from FY 2023 to FY 2026 is expected to be approximately +11%
- In FY 2025, profits in the 8 growth areas increased by JPY 15 billion.
- Following the full acquisition of SCSK, we formulated our Digital & AI Strategy (DAIS) and are working to enhance profitability by leveraging digital technologies and AI at our business frontlines.
- In FY 2026, we plan profit growth of JPY 79.0 billion in the 8 growth areas, driven by organic growth as well as profit contributions from SCSK and a U.S.-based aircraft leasing company.
 - Digital/Leasing: executed major investments, and pursue further earnings growth
 - Real estate/Energy solutions: pursue earnings growth through improved profitability via asset turnover and other initiatives
 - Steel/Healthcare: invest management resources in growth markets and enhance profitability through digital and AI
 - Construction systems/Agriculture: analyze current underperformance to strengthen management foundations, and drive fundamental improvements in profitability

*"Underlying profit" is profit for the year attributable to owners of the parent excl. asset replacement and extraordinary profits/losses.

2. Business Portfolio Transformation

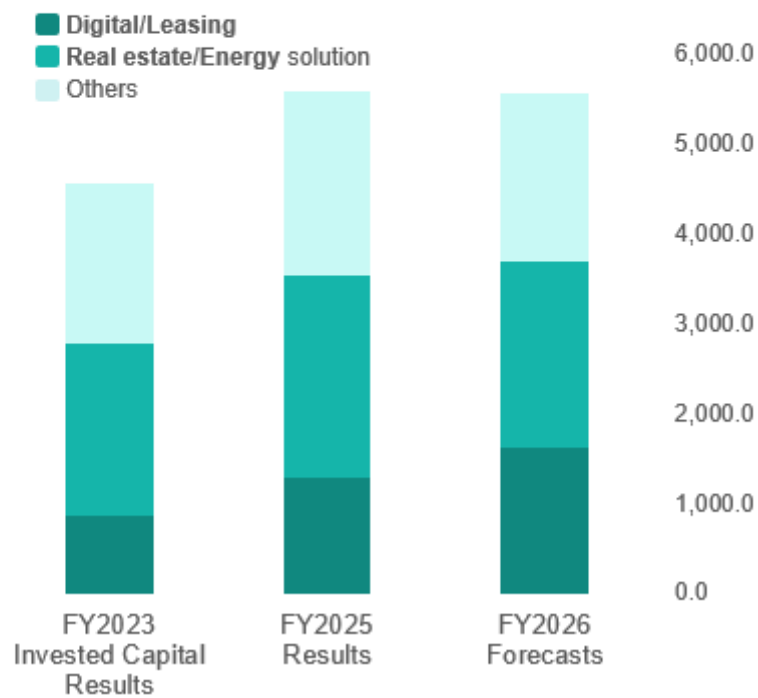
- In FY2025, we implemented additional investment into SCSK and reached to an agreement regarding investment into U.S.-based aircraft leasing company (completed in April 2026), further reinforcing our strengths.
- We executed sales of cross-shareholdings, T-Gaia, Midas, the melon production and sales business in North America, and Sekal AS among others, which further accelerate portfolio metabolism.
- We executed a transfer agreement in May 2026 and transferred all of the equity interest in the Ambatovy Nickel Business.
- We monitor ROIC and WACC by SBU, reviewing the expected role of each business flexibly and aiming to enhance overall portfolio quality.

Invested Capital Allocation Management based on the 4 Strategic Quadrants



Trend in Invested Capital/ROIC of 8 Growth Areas

Invested Capital (billions of yen)	4,550.0	5,580.0	5,550.0
ROIC	8.9%	8.1%	9.0%



3. Strengthen driving force for growth

- (a) Progress in initiatives such as developing management talent and line managers, fostering self-directed career development, and driving business reform. Employee engagement has continuously improved
- (b) Progress in projects such as overseas urban development leveraging expertise and know-how gained from its infrastructure business in Diverse Urban Development

(2) Quantitative Targets

1. Business environment

Overview

The global economy had been gradually recovering until the military conflict involving the US, Israel and Iran disrupted navigation through the Strait of Hormuz. This has disrupted the supply of raw materials such as mineral fuels, chemicals, and metals, leading to price increases and growing uncertainty about the outlook. Among developed countries, the US continues to show an overall moderate recovery, but rising prices of petroleum products, including gasoline and diesel, are likely to weigh on personal consumption and overall production. The euro area economy has been recovering supported by fiscal measures and monetary easing, but may be adversely affected by energy shortages and soaring energy prices. Regarding the Japanese economy, inflation is moderating, and the effects of fiscal policies and wage hikes are starting to emerge. However, supply shortages and rising living costs have hampered the recovery in consumer sentiment. Among emerging economies, China is experiencing downward pressure on economic activity due to the slump in the real estate market and sluggish growth in exports to Europe and the US. In other Asian countries, economic momentum has weakened due to US tariffs, but exports of electrical equipment for applications such as AI data centers have been supporting the economy. However, turmoil in the Strait of Hormuz has disrupted the supply of critical goods, driving up prices and further increasing economic uncertainty.

Future risks include the prolonged effective closure of the Strait of Hormuz, continued instability in the supply of mineral fuels and the resulting global inflation driven by rising prices, monetary tightening aimed at curbing inflation, deterioration in fiscal conditions across countries due to economic support measures, as well as rising geopolitical risks in Northeast Asia, Southeast Asia, Africa, and other countries and regions.

Steel Group

This group handles a broad range of steel products, including tubular products and steel sheets. In the tubular business, market conditions in the U.S. have remained generally flat in the near term; however, movements in crude oil prices may affect both prices and demand.

In other regions, we expect a recovery after a temporary lull in certain projects, although the timing and demand trends may be affected by developments in the Middle East and other factors. Furthermore, oil and gas exploration and production is expected to continue to support stable energy supply, while the energy transition toward decarbonization is also expected to progress. In the steel products business, steel prices in the U.S. are on an upward trend; however, inflation and economic conditions may weigh on demand. In other regions, weak demand in China continues, and increased inflows of Chinese steel into Southeast Asia and other markets are putting downward pressure on local prices. Meanwhile, we are expanding our earnings base through initiatives such as investing in foundation structures for offshore wind projects in Europe. In light of this, we will maintain our existing businesses while allocating capital to competitive businesses and regions to strengthen profitability. We will also create new value through digital transformation (DX) and AI while contributing to industry green transformation (GX) by supplying products and services that support carbon neutrality, including renewables and CCS.

Automotive Group

This group operates a wide range of businesses in the value chain of automotive industry, including manufacturing, sales, financing, leasing and other services related to 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 impacts of geopolitical risks including the turmoil in the Middle East which may affect 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.

Considering this environment, we will ensure that we are prepared for changes in the current market environment and work to accelerate growth by enhancing our product lineup and broadening our sales network in the automobile distribution and sales business, to capture new business opportunities in the engineering field, to expand services in the mobility services field through leveraging our

automobile leasing business, to increase the scale of earnings through value enhancement of our parts manufacturing, sales financing, and tire sales businesses, 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 develop a value chain globally, and the defense, space and national security-related business with high expertise.

With regard to the business environment surrounding this group, geopolitical risks have recently become increasingly apparent due to the escalating situation in the Middle East. Although the direct impact on its businesses is currently limited, close monitoring continues with respect to market fluctuations as well as trends in raw material and fuel prices. Meanwhile, over the medium to long term, global demand for aircraft is expected to expand, and demand for marine cargo transportation and infrastructure construction and renewal is also expected to remain steady. At the same time, societal demands for the realization of a decarbonized society and a circular economy are becoming increasingly stronger.

Against this backdrop, this group is focusing on improving the profitability of its core businesses in which it has competitive strengths. In the lease and finance business, efforts are being made to accumulate high-quality assets and improve asset efficiency. In the construction equipment business, while closely monitoring the impact of uncertainties such as U.S. tariff measures, earnings improvement initiatives centered on cost reduction and fleet management are being pursued.

Moreover, this group will accelerate growth by actively promoting businesses that address social issues and needs, including the aftermarket business, such as the sale of parts from retired aircraft in the aircraft business, and the manufacture of structures used in offshore wind power generation in the ship and marine business.

Diverse Urban Development Group

This group is engaged in the development, operation, and asset management of real estate, industrial parks, sustainable cities, and social and digital infrastructure. Additionally, it is involved in the construction material and equipment business, including cement and industrial facilities, and logistics and insurance-related businesses.

In the real estate segment, the domestic real estate business performed steadily, while in the industrial park segment, deliveries progressed smoothly, resulting in performance exceeding initial forecasts. With respect to the Group's core domestic real estate business, supply-demand conditions in major metropolitan areas are expected to remain tight going forward. At the same time, the Group recognizes the need for continued careful assessment of the impact that uncertainties surrounding geopolitical developments in the Middle East, interest rate trends, foreign exchange fluctuations, and inflation may have on profitability, including costs and project timelines, across its domestic and overseas businesses. Accordingly, the Group continues to strengthen the resilience of its business portfolio while closely monitoring changes in the external environment. Based on this recognition, the Group will actively utilize asset recycling and financial structuring, while globally promoting the development of environmentally sustainable, disaster-resilient urban developments.

Communication Services Group

This group engages in telecommunications infrastructure, telecommunications services, media and entertainment, and financial investment businesses.

In the telecommunications infrastructure field, demand is expected to grow for the construction of new telecommunications infrastructure and for the sharing of such infrastructure across carriers, driven by increasing demand for high-speed, high-capacity communications. In this environment, the Group is expanding its base station sharing business for telecommunications operators. In the telecommunications services field, initiatives are underway to replace labor-intensive maintenance and inspection of public infrastructure with telecommunications technologies and AI in order to further enhance safety and security. The Group is advancing the development and deployment of AI-based anomaly detection solutions. In the media and entertainment field, in addition to maximizing the corporate value of JCOM, the largest cable television operator in Japan, and Jupiter Shop Channel, a TV shopping

business, the Group is developing overseas expansion and secondary-use businesses, in light of the strong global recognition of Japanese anime content. In the financial investment field, the Group conducts startup investments and private equity investments.

*Effective April 1, 2026, the Company renamed the “Media & Digital Group” to the “Communication Services Group.”

Digital & AI Group

This group comprehensively engages in businesses spanning network construction, system development and operations, and digital and AI-related solutions.

The business environment remains solid, supported by expanding demand for the modernization of legacy systems and infrastructure, as well as for advanced use of cloud services. In addition, as digital transformation (DX) progresses, the leadership for system development is shifting from IT departments to business divisions among customers. Furthermore, the rapid evolution of AI technology is driving stronger demand for fundamental transformation of business processes built on the premise of AI utilization. These trends are creating and expanding significant new business opportunities.

To effectively capitalize on these growing opportunities, we are reinforcing our business foundation—traditionally centered on the development and operation of core and operational systems—while accelerating expansion into the digital and AI domains. Specifically, we aim to enhance productivity through AI-driven development and strengthen end-to-end consultative business, from identifying customer challenges to driving business and operational transformation. Through these initiatives, we will continue to provide high value-added services.

*Effective April 1, 2026, the Company reclassified the “DX & IT Group,” previously under the Corporate Group, as a Business Group and renamed it the “Digital AI Group.” In addition, the Digital SBU, which had been under the “Media & Digital Group,” was transferred to the “Digital AI Group.”

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 businesses, managed care businesses and clinics, as well as healthcare services to home-based patients with chronic conditions.

In the retail and food sectors, we expect to see consumer values and lifestyles diversifying, needs becoming more specialized, and awareness toward food and health increasing. On the other hand, amid rising geopolitical risks and their partial materialization, increases in related costs have continued, leading to restrained consumer sentiment and persistent uncertainty in the business environment. In the healthcare sector, needs for the optimization of medical costs are expected to increase further as the aging of the population accelerates. Under these circumstances, these businesses will continue to be important as essential infrastructure for daily life.

Given this environment, in our retail business, we will take advantage of our strengths, including a strong store platform and access to customers, and work on data-driven marketing as well as the utilization of digital technology and AI to enhance operations and expand new businesses. In the food sector, we will utilize our expertise and global networks in food procurement, processing, and sales to raise our revenue base and expand our business into growth areas. In the healthcare sector, through the expansion of our business foundation both in Japan and overseas countries, we will advance initiatives that contribute to the containment and optimization of healthcare costs and aim for sustainable growth.

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.

Amid growing uncertainty in resource prices driven by geopolitical risks, resource prices have generally remained firm despite mixed trends by commodity. In this environment, we continuously focus on strengthening our business portfolio and foundation for growth by leveraging our unique experience and strengths, 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.

Focusing on base metals that support key industries, we are working to maximize the value of existing assets and expand high-quality resource interests. At the same time, we continue to enhance our mid- and downstream businesses, including manufacturing and trading operations that are less sensitive to market volatility. In addition, we are 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 the development of industry in Japan and globally as well as to the achievement of a sustainable society, and create a prosperous future for people.

Chemical Solutions Group

This group develops, manufactures, and sells materials and products across a broad range of fields, including basic chemicals, electronics, green chemicals, pharmaceuticals, cosmetics, animal health products, and agricultural inputs.

In recent years, the business environment surrounding the Group has become increasingly uncertain, driven by the rise of companies in emerging markets in the basic chemicals field; advances in digital and AI technologies and the electrification of end-use applications in the electronics field, leading to changes in industry structures; and supply chain restructuring driven by economic security considerations. In the agricultural inputs field, weak grain market conditions and the prevailing high interest rate environment have also affected the business environment. In addition, heightened uncertainty surrounding the outlook for the Middle East situation, fluctuations in foreign exchange rates, rising logistics costs, and geopolitical factors have further increased uncertainty surrounding the Group's operations.

Under these circumstances, the Group assumes that volatility in the external environment will continue and is working to steadily capture business opportunities while addressing associated risks. Going forward, through strengthening business foundations and creating higher value added across each field, the Group aims to enhance resilience to downside risks arising from changes in the external environment and achieve sustainable profit growth.

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.

Although some businesses recorded year-on-year profit declines, such as a decrease in equity income from the Vietnam power generation business and weaker performance in European gas trading, overall Group profits remained firm, supported by the recognition of one-off gains, including the reversal of provisions for construction losses related to power EPC projects and gains on contract transfers in US gas trading.

As for the business environment surrounding the Group, electricity demand is increasing due to the widespread adoption of generative AI (and resulting expansion in data center usage). In addition to growing calls for the realization of decarbonized and circular society, heightened concerns over energy security and ongoing changes in the composition of energy demand are being observed. Under these circumstances, the importance of gas is increasing, and decarbonization is expected to progress gradually due to economic and other constraints. Meanwhile, the recent emergence of geopolitical risks has increased uncertainty regarding the outlook.

Against this backdrop, the Group will accelerate the replacement of its business portfolio with strategically attractive, growth-oriented businesses and assets, while pursuing a balanced approach to both energy transition businesses and decarbonization-related businesses. In the next generation energy sector, the Group will steadily continue business development while flexibly and promptly adjusting timelines and resource allocation in response to changes in the external environment. In addition, the Group will enhance its trading capabilities, which complement upstream businesses and add value, as well as strengthen its midstream and downstream businesses, with the aim of building a more profitable portfolio.

2. Quantitative Targets

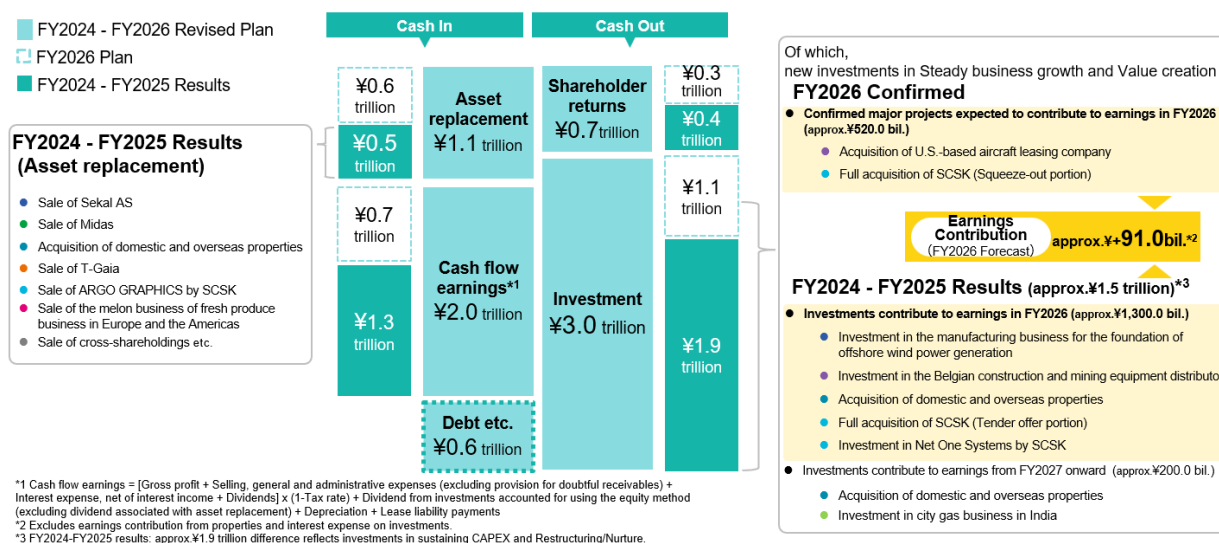
Profit plan

For FY2026, we project steady growth in the 8 growth areas, led by Digital, Leasing, Real Estate, and Energy Solutions, and expect to accelerate business portfolio transformation through continued asset replacement, resulting in a profit of JPY 660.0 billion on a build-up basis. While all currently estimable impacts of geopolitical risks, including heightened tensions in the Middle East, have been incorporated into each segment's forecasts, we have set an additional buffer of JPY 30.0 billion to prepare for further uncertainties, resulting in a full-year profit forecast of JPY 630.0 billion.



Cash flow allocation

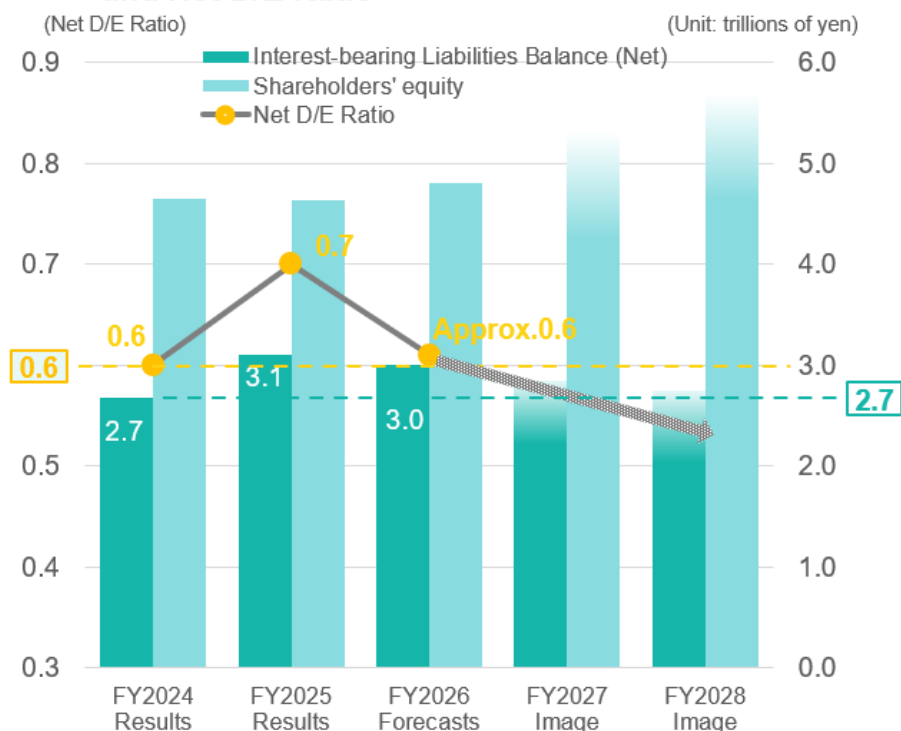
For the results in FY2024 and FY2025, and plan in FY2026 are as follows.



Improve financial soundness to the level prior to the execution of major investments (as of the end of FY2024) over the three-year period ending in FY2028, through accelerated asset replacement.

At the same time, maintain the current shareholder return policy and continue strategic investments at a level comparable to previous years to drive further growth.

Trends in Interest-bearing Liabilities Balance and Net D/E Ratio



(3) Shareholder Return Policy

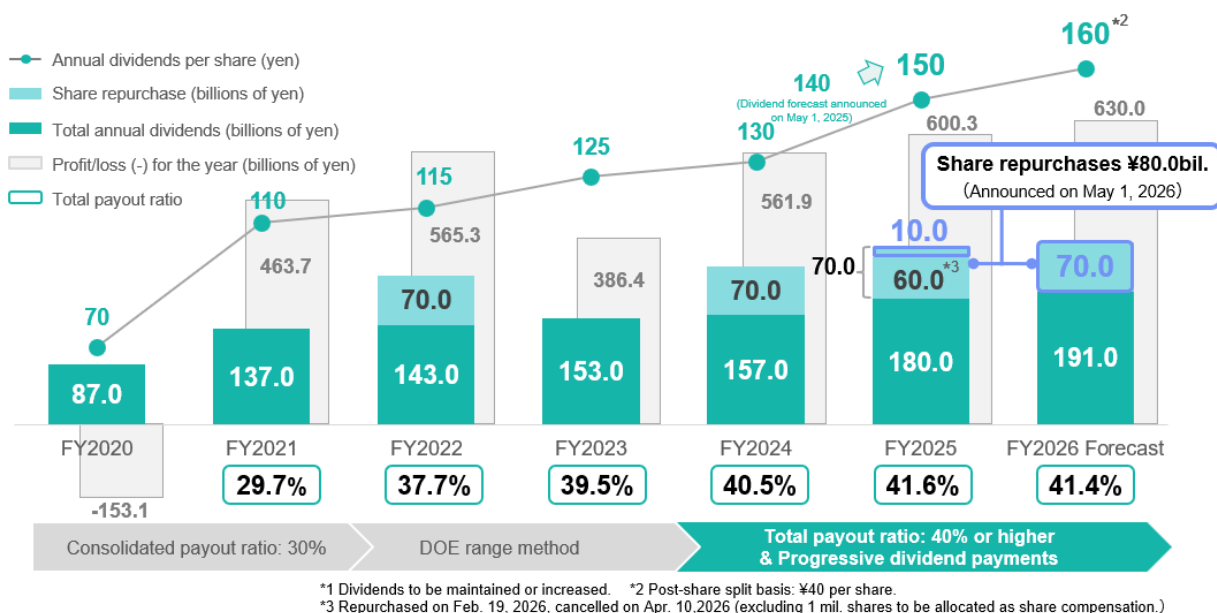
Our shareholder return policy in the Medium-Term Management Plan 2026 and thereafter are as follows:

- 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 payment (*)

(*) Maintaining or increasing the annual dividend per share compared to the actual results for the previous fiscal year.

With the aim of improving the liquidity of its shares and broadening its investor base, we resolved at the meeting of the Board of Directors held on May 1, 2026 to conduct a stock split at a ratio of four shares for each share of common stock, with an effective date of July 1, 2026.

Based on a full-year profit forecast for FY2026 of JPY630 billion, we plan to pay an annual dividend per share of JPY 40 (on a pre-stock split basis: JPY160, which is a JPY10 year-on-year increase) for FY2026. In addition, at the meeting of the Board of Directors held on May 1, 2026, resolved to repurchase shares of our common stock up to JPY 80.0 billion (of which JPY 10.0 billion had allocated as shareholder returns during FY2025 and JPY 70.0 billion will be allocated as shareholder returns for FY2026).



2. Our Approach and Initiatives to Sustainability

The Group's approach to and initiatives for sustainability are as follows.

● 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 for Sustainability

In the following sections, we describe the overall picture of our sustainability management, as well as our initiatives in climate, natural capital, human capital and governance. 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) Supervision of Sustainability Management

The Board of Directors renders decisions concerning key management matters in light of the diverse risks and opportunities related to sustainability in the Group's wide range of business activities. Additionally, the Board of Directors oversees the decision-making and business execution by the Management Council and executive officers.

For decision-making on sustainability-related important management matters, based on the division of authority clearly stipulated in the Board of Directors regulations and other rules, the Board of Directors deliberates on and determines the formulation and revision of sustainability-related policies and targets; risks and opportunities across the overall business portfolio, including those related to sustainability; important initiatives related to the promotion of sustainability; and the handling of important individual cases, all of 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, Global HR Committee, Compliance Committee, IT Strategy Committee, and Corporate Strategy Promotion Committee. The Board of Directors receives reports on the analysis of risks and opportunities across the overall business portfolio, including those related to sustainability, and the status of responses thereto at least every six months.

In addition, the Board of Directors receives annual reports from the Corporate Sustainability Department on the analysis of diverse sustainability-related risks and opportunities identified in individual businesses, the status of responses thereto, and monitoring metrics, and supervises the status of initiatives by the business execution side, including the Management Council.

Also, 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.

In addition, the Board of Directors has identified the types of knowledge, experience, and other competencies (hereinafter "Skills") that enable the Board of Directors to adequately fulfill its roles, and these Skills include those related to sustainability, human resources management and development, and legal / risk management. The Skills of individual directors are determined after considering all their attributes, including their careers, knowledge, experience, capabilities, qualifications, and specific

achievements, and discussing these with individuals concerned. The Board of Directors includes multiple directors with sustainability-related skills.

(b) Execution of Sustainability Management

The Management Council and executive officers are responsible for decision-making and business execution of important sustainability-related management matters of the Group in accordance with the Company regulations. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee, Global HR Committee, Compliance Committee, IT Strategy Committee, and other committees in order to assess and manage diverse sustainability-related risks and opportunities and make effective decisions.

In addition, with regard to sustainability-related initiatives and response to risks and opportunities, the Corporate Sustainability Department, HR Strategy Department, HR Solutions Department, Legal Department, Information Technologies Planning & Promotion Department, and Disaster Response & Safety Management Department, which are specialized organizations in charge of planning and disseminating measures by topic 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 the personnel responsible for promoting each topic in each Business Group and overseas regional organization, all work together. Based on information provided by the Group's internal research organizations, the Business Groups, overseas regional organizations and other organizations, we formulate and promote group-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.

The corporate governance structure for our sustainability management is as follows.



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, ongoing commitment to sustainability by each SBU and Group Company while engaging with 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 corporate 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.

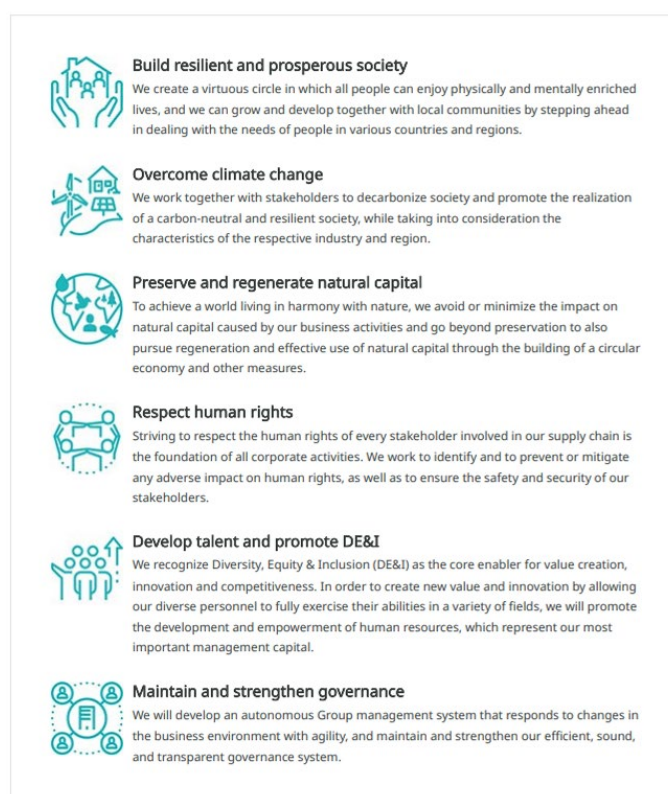
Since the Group has a wide variety of business models with various stakeholders globally in a wide range of industries, in order to continue to promote business activities that lead to sustainable growth and development, we recognize that it is necessary to identify and respond to diverse sustainability-related risks and opportunities throughout the value chain in cooperation not only with parties within the Group but also with many stakeholders in the value chain. Therefore, we are working on the following measures.

(a) Identification of Material Issues and Setting and Implementation of Medium- to Long-Term Goals

We identified the six Material Issues as a medium- to long-term commitment that goes one step further toward helping resolve key social issues that the Group must address.

The Group identified the Material Issues based on Sumitomo's Business Philosophy and the Group's Corporate Mission Statement in 2017, and updated the Material Issues in 2024 after approval by the Management Council and the Board of Directors through discussions held with internal and external stakeholders over the course of approximately one year from the perspective of value creation, with consideration also given to the further aggravation of social issues, the Group's strengths, and expectations from stakeholders.

We will continue to implement the PDCA cycle of formulation, implementation, and progress review of action plans for the long-term and medium-term goals set for each Material Issue of "Build resilient and prosperous society," "Overcome climate change," "Preserve and regenerate natural capital," "Respect human rights," "Develop talent and promote DE&I," and "Maintain and strengthen governance." For details, please refer to "4. Metrics and Targets" below.



(b) Formulation of Sustainability-Related Policies

Our business activities cover a broad range of fields and regions and are linked to various social issues. Therefore, we formulated several policies to properly address social and environmental impacts resulting from our business activities and work to ensure that these policies are thoroughly communicated and implemented across the Group in order to take account of the various social issues. Specifically, in order to respect international standards of conduct and fulfill our social responsibilities together with our business partners, the Group has formulated and disseminated comprehensive policies such as the Environmental Policy, Policies on Climate Change Issues, Human Rights Policy, and CSR Action Guidelines for Supply Chain Management, as well as individual policies

related to major natural resources that require sustainable procurement, such as the Forest Management Policy and the Sourcing Policy for Forest Products, and also the Global HR Management Policy, Sumitomo Corporation Group Compliance Policy, Information Security Policy, and Privacy Policy, and engages in business activities in accordance with these policies.

3. Risk Management

(a) Sustainability-Related Risk Management Across the Overall Business Portfolio

The status of monitoring of sustainability-related risks across the overall business portfolio is reported regularly to the Management Council and the Board of Directors. By maintaining a structure in which the Management Council and the Board of Directors can ascertain the status of risks, discuss future management and response policies, and make strategic management decisions, the Group is positioned to consider measures including reduction of exposures in collaboration with relevant corporate departments if there are any unacceptable risks in the overall business portfolio.

The management process of sustainability-related risks across the overall business portfolio has remained the same since the previous reporting period.

(b) Sustainability-Related Risk Management for Individual Businesses

For individual businesses, sustainability-related risks in general are assessed and response measures are reviewed as part of the due diligence process when considering and executing new businesses. Each responsible SBU prepares a self-assessment sheet on sustainability-related risks and opportunities, and based on previous cases in the same sector or country, identifies and assesses the likelihood of potential risks and opportunities as well as their impacts on society, the environment, and our own business if they materialize, and then the Corporate Sustainability Department reviews the self-assessment sheet by considering related external information. Also, the Company Investment Committee considers and checks important response measures related to value creation and the prevention of value impairment for the target business in light of the identified and assessed sustainability-related risks and opportunities.

With regard to existing businesses as well, separately from the six Material Issues identified as a medium- to long-term commitment that goes one step further toward helping resolve key social issues that the Group must address, we identify sustainability-related risks and opportunities in each business that can reasonably be expected to affect the Group's prospects by conducting an overall assessment on two axes: "magnitude of potential financial effects" and "likelihood."

Specifically, for each of the Group's businesses, we examine risks and opportunities across the entire value chain based on the SASB Standards, with separate reference to scenarios such as those in the "World Energy Outlook 2025" published by the International Energy Agency (IEA) for climate-related matters. The scope of the FY2025 analysis covers Sumitomo Corporation on a non-consolidated basis, consolidated subsidiaries, and equity-method affiliates engaged in thermal power generation, fossil energy interest businesses, and high Scope 3-emitting businesses.

Magnitude of potential financial effects	We assess the magnitude of potential financial effects when a risk materializes over short-, medium-, and long-term time horizons*, using established thresholds. Where quantification is difficult, qualitative factors, such as reputational damage and loss of stakeholder trust, are also taken into consideration.
Likelihood	We assess the likelihood using established thresholds, based on historical data, scenario analysis, and instances of risk materialization at other companies.
Other	We consider whether the relevant risk is transitory or cumulative, and whether it arises from internal activities or the external environment, when we conduct an assessment.

* Time horizons

Short-term (2026): Aligned with the period of the Group's Medium-Term Management Plan (FY2026 is the final year of the current plan.)

Medium-term (2035): Set as a future period that accounts for the uncertainties of sustainability-related risks and opportunities

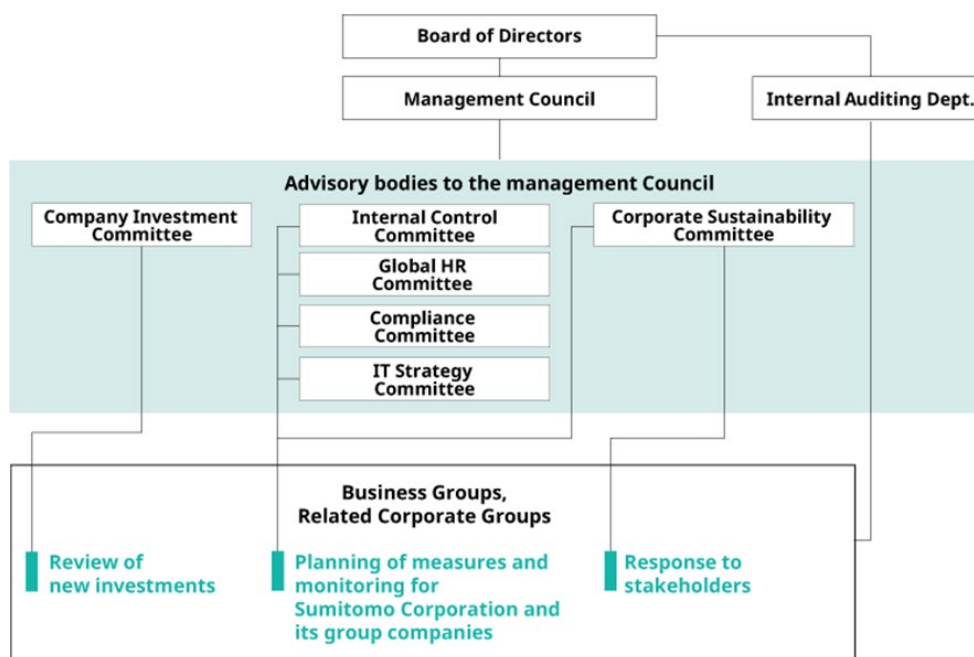
Long-term (2050): Set as a period that looks ahead to long-term changes in the business environment

Details of the identified risks and opportunities are described in “(2) Climate-Related Disclosures,” “(3) Natural Capital-Related Disclosures,” “(4) Human Capital-Related Disclosures,” and “(5) Governance-Related Disclosures.” With respect to the identified risks and opportunities, each Business Group conducts regular monitoring, and where issues are identified, improvements are pursued in accordance with the characteristics of the relevant business. When a case relating to the impacts of the Group’s business activities is raised by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement. The status of monitoring of risks and opportunities and the measures taken and their status are reported regularly to the Management Council and the Board of Directors.

In addition, the Group Management Policy clarifies the roles and responsibilities in Group management, setting forth the three principles of Jiritsu*, dialogue, and collaboration to be respected by Sumitomo Corporation and its Group companies. Under the principle of dialogue, Sumitomo Corporation and its Group companies are committed to building relationships of trust through proactive dialogue. As the foundation of these relationships, Sumitomo Corporation participates in key decision-making through the boards of directors and other bodies of Group companies, monitors their business operations, and provides appropriate advice. This framework is also applied to the management of sustainability-related risks and opportunities in individual businesses.

The Group recognizes that sustainability-related risks are closely interrelated with other types of risks. All uncertainties arising from the Group’s business activities are treated as risks, and they are managed within the Group’s systematic and integrated risk management framework, which is premised on balancing risk with return, without prioritizing them over other types of risks.

* Jiritsu is a Japanese term. In the Group Management Policy we define it to mean “following the rules necessary for the management of a Sumitomo Corporation Group company, such as the Sumitomo Corporation Group’s management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders.”



4. Metrics and Targets

For the six Material Issues identified as a medium- to long-term commitment that goes one step further toward helping resolve key social issues that the Group must address, we have set long-term and medium-term goals as shown in the table below and have been working to achieve them. The progress of actions based on the medium-term goals is reported to and discussed at the Management Council and the Board of Directors after being monitored by the Corporate Sustainability Committee.

The long-term and medium-term goals for the Material Issues correspond to the content of “4. Metrics and Targets” under each individual topic: “(2) Climate-Related Disclosures,” “(3) Natural Capital-Related Disclosures,” “(4) Human Capital-Related Disclosures,” and “(5) Governance-Related Disclosures.” Specifically, “Overcome climate change” is related to the individual topic “(2) Climate-Related Disclosures”; “Preserve and regenerate natural capital” is related to “(3) Natural Capital-Related Disclosures”; “Develop talent and promote DE&I” is related to “(4) Human Capital-Related Disclosures”; and “Maintain and strengthen governance” is related to “(5) Governance-Related Disclosures.”

<Long-Term and Medium-Term Goals for 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 human resources who will drive the future by providing quality education	- 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 through - 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 the carbon neutrality of the Sumitomo Corporation Group's businesses by 2050*2 - Contribute to the carbon neutrality of society	- Reduce GHG emissions of the carbon neutrality boundary for the Sumitomo Corporation Group by 30% or more by FY2035 (compared with FY2024) - Promotion of initiatives in individual businesses - Reduce CO₂ emissions of the power generation business by 40% or more by FY2035 including a reduction 60% or more for coal-fired power generation business (compared with FY2019) - In fossil fuel upstream business, will not make any further investment in the thermal coal mine development projects and aim to achieve zero production from thermal coal mines by the end of the 2020s. For upstream gas development, only undertake those that contribute toward society's energy transition. - Expand 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) - 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
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*3 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 Sumitomo Corporation Group

*2. The carbon neutrality boundary for the Sumitomo Corporation Group covers Scope 1/2 and Scope 3 (Categories 13 and 15)

*3. 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

(2) Climate-Related Disclosures

1. Governance

(a) Supervision

The Board of Directors is responsible for making decisions on important management matters based on the Group's climate-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) Supervision of Sustainability Management."

(b) Execution of Duties

The Management Council and executive officers are responsible for the assessment and management of climate-related risks and opportunities across the overall business portfolio and in individual businesses, the decision-making on important management matters based thereon, and the execution of business, in accordance with the Company regulations. For more details, please refer to “(1) Overall Picture of Sustainability Management,” “1. Governance,” “(b) Execution of Sustainability Management.”

2. Strategy

We attach importance to the global consensus reflected in the Paris Agreement, and we established the Policies on Climate Change Issues in order to play a more active role in achieving the carbon neutrality goal of society in alignment with the Agreement. After the Board of Directors adopted a resolution concerning the Group’s Policies on Climate Change Issues in FY2019, we have been regularly reviewing our policies. In February 2026, we updated the Group’s carbon neutrality targets with the aim of strengthening accountability, in light of the completion of our Scope 3 emissions calculations and disclosure and in anticipation of the application of the Sustainability Disclosure Standards (SSBJ Standards).

■ Policies on Climate Change Issues

● Basic Policy

- Aim to make the Sumitomo Corporation Group carbon neutral in 2050*.
- Develop technologies and business models for creating a sustainable energy cycle by contributing to the reduction of GHG emissions and carbon removal for society as a whole.
- 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 GHG emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and to materialize hydrogen-based society and related 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 environmental burden 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 FY2035 (compared with FY2019) 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 mine development projects and aim to achieve zero production from thermal coal mines by the end of the 2020s. We will only undertake upstream gas development that contributes toward society’s energy transition.

* The carbon neutrality boundary for the Sumitomo Corporation Group covers Scope 1, 2, and Scope 3 (Categories 13 and 15). Carbon neutrality means reducing the GHG emissions of the Sumitomo Corporation Group and neutralizing the residual emissions to net zero through internationally recognized methods such as carbon removal.

In the new Medium-Term Management Plan started in FY2024, we will further strengthen our businesses where we have strengths and competitive advantages through green transformation (GX) in the short term. At the same time, we pursue GX considering the time horizon for monetization (including market formation) in various industries and create new strengths for the future in the medium to long term.

■ Climate-related risks and opportunities by Individual Businesses

Based on the business models of each of the Group's businesses, the climate-related risks and opportunities that can reasonably be expected to affect the Group's prospects are as shown in the table below, organized by individual businesses.

- Physical risks
Risks of crop yield decline and of operational disruption due to flooding, both caused by climate change
- Transition risks
Risks of business contraction associated with the transition to a decarbonized society, and financial impacts of carbon pricing and rising energy prices
- Business opportunities
Opportunities for business expansion associated with the transition to a decarbonized society, and opportunities for shifting to low-carbon products

Businesses	Categories	Details	Time horizons		
			Short-term	Medium-term	Long-term
Tubular products business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		•	•
		Financial impact of carbon pricing		•	•
Shipping business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		•	•
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		•	•
Automotive business	Transition risks	Financial impact of carbon pricing		•	•
Retail business	Transition risks	Financial impact of carbon pricing		•	•
		Financial impact of rising energy prices		•	•
Food business	Transition risks	Financial impact of carbon pricing		•	•
Copper business	Transition risks	Financial impact of carbon pricing		•	•
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		•	•
Aluminum business	Transition risks	Financial impact of carbon pricing		•	•
Thermal coal and Coking coal business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		•	•
		Financial impact of carbon pricing	•		
Iron ore business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		•	•
Chemicals business	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		•	•
Agricultural materials distributor business	Physical risks	Risk of crop yield decline	•	•	•
Power generation business	Physical risks	Operational disruption due to flooding	•	•	
	Transition risks	Risk of business contraction associated with the transition to a decarbonized society	•	•	•
Natural gas and LNG business (upstream interests)	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		•	•
		Financial impact of carbon pricing		•	
Natural gas and LNG business (trading)	Transition risks	Risk of business contraction associated with the transition to a decarbonized society			•
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		•	•
		Opportunity for shifting to low-carbon products		•	•
Offshore oil and gas production facility chartering business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society	•	•	•

- Time horizons

Short-term (2026): Aligned with the period of the Group's Medium-Term Management Plan (FY2026 is the final year of the current plan.)

Medium-term (2035): Set to align with the period of the Group's interim emission reduction targets

Long-term (2050): Set to align with the Group's goal of achieving carbon neutrality in 2050

■ Analysis of climate-related risks and opportunities by Individual Businesses

We have analyzed climate-related risks and opportunities in each individual business that could affect the Group's prospects as follows.

The financial impacts on the relevant businesses from the risks and opportunities are described in three levels based on the monetary thresholds below. The financial impacts from risks on the relevant businesses are calculated without taking into account our countermeasures, based on RCP8.5 scenario^{*1} of the IPCC^{*2}, which assumes a 4°C rise from pre-industrial levels by 2100, for physical risks, and based on the Net Zero Emissions by 2050 Scenario (NZE)^{*3} of the IEA for transition risks. Meanwhile, the financial impacts on the relevant businesses from opportunities are calculated taking into account the IEA's NZE.

Regarding the risks of business contraction associated with the transition to a decarbonized society among transition risks, and the opportunities for business expansion associated with the transition to a decarbonized society, in order to objectively assess business resilience and new business opportunities in the event of significant changes in the business environment, we have analyzed the impacts on our individual businesses over the medium-term and long-term time horizons using the Stated Policies Scenario (STEPS)^{*4} in addition to the NZE, based on the social and economic conditions assumed by each scenario.

The scenarios mentioned above do not represent assumptions underlying our management policies or business strategies.

• Financial impacts on the relevant business (impacts on profit for the year attributable to owners of the parent)

Significant	: ±30 billion yen or more to less than 50 billion yen
Moderate	: ±10 billion yen or more to less than 30 billion yen
Slight	: Less than ±10 billion yen

*1 A Representative Concentration Pathway (RCP) scenario assuming a 4°C rise from pre-industrial levels by 2100

*2 IPCC: Intergovernmental Panel on Climate Change

*3 A scenario backcast from the achievement of global net zero emissions by 2050, representing a pathway toward the 1.5°C goal

*4 A scenario based on the assumption that current policies and stated future additional policies are implemented, with the global temperature projected to rise by 2.5°C

• Methodology for calculating the financial impact of carbon pricing

The financial impact expected to arise from carbon pricing in the future is calculated, except for the three businesses below, by multiplying the GHG emissions (Scope 1 and 2) of the relevant business during the reporting period by the carbon price outlook under the NZE in the "World Energy Outlook 2025" published by the IEA. For upstream interest businesses, the calculation assumes that existing businesses will be held until the end of mining.

• Tubular Products business:

The figures are calculated based on results during the reporting period for business directed at Europe, which may be affected by the introduction of the EU Emissions Trading System (EU ETS) and the Carbon Border Adjustment Mechanism (CBAM).

• Thermal coal and coking coal business:

As carbon taxes have already been introduced in the project host countries, the figures are calculated by multiplying the GHG emissions (Scope 1 and 2) of the relevant business during the reporting period by the carbon credit unit prescribed by the project host country.

• Natural gas and LNG business (upstream interests):

The figures are calculated by multiplying our projected equity share of the GHG emissions generated during the use of LNG

produced by participating projects by the carbon price outlook under the IEA's NZE.

• **Tubular Products Business**

Transition risks	In the tubular products business, we recognize the risk of business contraction associated with the transition to a decarbonized society and the financial impact of carbon pricing.
Risk details	■ Risk of business contraction associated with the transition to a decarbonized society Demand for fossil fuels is expected to decrease under the IEA's NZE, and we recognize the associated risk of a decline in sales volume of energy tubular products used for the extraction, transportation, and storage of fossil fuels. Time horizon: Medium-term and long-term ■ Financial impact of carbon pricing We recognize the risk that the introduction of the EU Emissions Trading System (EU ETS) and the Carbon Border Adjustment Mechanism (CBAM) will create a competitive gap with competing manufacturers within Europe, leading to a decline in tubular products sales volume in Europe. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Risk of business contraction associated with the transition to a decarbonized society We will continue to sell tubular products for climate change countermeasures such as CCS, CCUS, and geothermal power generation, while expanding peripheral business beyond tubular products sales to energy companies. ■ Financial impact of carbon pricing Amid various initiatives by the public and private sectors and industry associations to promote reductions in GHG emissions from blast furnaces, we will continue to support reductions in GHG emissions from upstream operations (steel manufacturers as our suppliers), including the conversion from blast furnaces to electric furnaces and lowering the carbon footprint of iron-making reduction methods, through an internal organization that supports these initiatives. We will also engage with downstream operations (energy companies as our customers) to gain their understanding of the environmental value of emission reductions and their willingness to bear the associated costs.
Expected financial impact	■ Risk of business contraction associated with the transition to a decarbonized society <Financial impact> Medium-term: Slightly negative; Long-term: Moderately negative (Under the STEPS: Slightly positive for both medium-term and long-term) The NZE projects a decline in demand for fossil fuels, and we will continue to monitor the associated impact on demand for energy tubular products. On the other hand, as energy demand is expected to continue increasing with global economic growth and population growth, we assume that fossil fuel extraction will continue, and we are formulating our strategy on the premise that demand for energy tubular products will be maintained. ■ Financial impact of carbon pricing <Financial impact> Medium-term and long-term: Slightly negative We believe that the financial impact described above can be reduced by restoring upstream competitiveness through the implementation of strategies and mitigation measures.

• **Shipping Business**

Transition risks Business Opportunities	In the shipping business, we recognize both the risk of business contraction and the opportunity for business expansion associated with the transition to a decarbonized society.
Risk / Opportunity details	Shipping demand is expected to increase over the medium and long term under the STEPS and remain largely flat under the NZE. We recognize the risk that, as the transition to a decarbonized society reduces coal demand and consequently coal transportation demand, charter revenue will decline for the bulk carriers we own and manage that are partially engaged in coal transportation. We also recognize that while the introduction of environmental regulations and taxation by the International Maritime Organization (IMO) and national authorities may increase investment burdens for low-carbon technologies and operating costs, demand for zero-emission and low-carbon vessels* is expected to rise, presenting opportunities for increasing charter and vessel sale revenue through changes in the cargo carried by bulk carriers or in their use and the introduction of zero-emission and low-carbon vessels. Time horizon: Medium-term and long-term * LNG-fueled vessels, methanol-fueled vessels, ammonia-fueled vessels, etc.
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	While continuing to monitor cargo demand for bulk carriers including coal, laws and regulations in each country, market conditions, and trends in the technology and costs of zero-emission and low-carbon vessels, we will, in anticipation of the future introduction of environmental regulations and other trends, raise the ratio of zero-emission and low-carbon vessels in our owned vessel portfolio, examine ownership schemes for next-generation fuel vessels, and conduct interviews on charter demand.
Expected financial impact	<Financial impact> Medium-term and long-term: Slightly positive (Under the STEPS: Slightly positive for medium-term; moderately positive for long-term) Even if demand for bulk carriers engaged in coal transportation declines due to a decrease in coal transportation demand, we expect demand for bulk carriers in non-coal transportation to grow with global economic growth and population growth. While the outcome will depend on trends in international environmental regulations, over the medium and long term we plan to invest in the construction of next-generation fuel vessels and the installation of energy-saving devices on existing vessels. By responding early to forthcoming regulations, we expect to improve relative profitability by avoiding future carbon tax burdens, fines for regulatory violations, and replacement costs from the phase-out of inefficient vessels, and to enhance profitability by benefiting from green freight rates.

• **Automotive Business**

Transition risks	In the automotive business, we recognize the financial impact of carbon pricing.
Risk details	We recognize the risk that, with the introduction of carbon taxes, profit margins will decline by an amount equivalent to the carbon tax burden in businesses that use fossil fuels or electricity as a heat source during manufacturing. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We have begun discussions with each operating company in the manufacturing area regarding measures toward carbon neutrality. The operating company with the largest emissions among these has already formulated a roadmap aimed at achieving zero Scope 1 and 2 emissions in 2050. The GHG emission reduction rate is monitored against a base year of FY2018, and the greening of electricity use is being advanced as a specific measure to reduce environmental impact. When this operating company formulated its carbon neutrality roadmap in FY2022, the milestone was a 30% reduction by FY2030 compared to FY2018, but this was achieved ahead of schedule in FY2024. We will continue, in line with our existing policy, to work on reducing the environmental impact across the supply chain by promoting energy-saving and electrified equipment as well as expanding the greening of electricity use.
Expected financial impact	<Financial impact> Medium-term: Slightly negative; Long-term: Moderately negative While the implementation of strategies and mitigation measures is expected to entail investment in energy-saving and electrified equipment as well as higher electricity costs from the greening of electricity use, we believe that the financial impact described above can be reduced. The financial impact of carbon pricing is a challenge across the entire supply chain, and we will continue to engage in dialogue with customers and suppliers.

• Retail Business

Transition risks	In the retail business, we recognize the financial impact of carbon pricing and the financial impact of rising energy prices.
Risk details	■ Financial impact of carbon pricing We recognize the risk that, with the introduction of carbon taxes, profit margins will decline as the carbon tax burden is reflected in costs in energy-intensive manufacturing and distribution processes.* Time horizon: Medium-term and long-term * Operational management at our own logistics centers, manufacturing at our own processing centers, operation of our own sales locations (sales and processing sites), and our own logistics processes (delivery from our logistics centers to sales locations) ■ Financial impact of rising energy prices We recognize the risk that, with rising energy prices, operating costs will increase at our own sales locations, logistics centers, and processing centers. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Financial impact of carbon pricing With the aim of reducing GHG emissions, we are working to improve logistics efficiency by introducing energy-saving equipment and high-efficiency storage equipment and by reducing the number of truck trips. Going forward, we will consider formulating a roadmap toward achieving the 2050 carbon neutrality target and will continue to work on improving logistics efficiency by reducing the number of truck trips. ■ Financial impact of rising energy prices We will continue, in line with our existing policy, to work on curbing energy consumption at our own sales locations and on holding down unit energy costs by engaging electricity providers with competitive pricing, while also accelerating the introduction of energy-saving equipment over the medium and long term.
Expected financial impact	■ Financial impact of carbon pricing <Financial impact> Medium-term and long-term: Slightly negative Over the medium and long term, the implementation of strategies and mitigation measures is expected to entail expenditures for the introduction of energy-saving equipment and for improving logistics efficiency aimed at reducing GHG emissions, and we believe that the financial impact described above can be reduced. ■ Financial impact of rising energy prices Over the medium and long term, we expect expenditures associated with the introduction and renewal of energy-saving equipment, and the financial impact anticipated through the implementation of strategies and mitigation measures is expected to be limited.

• Food Business

Transition risks	In the food business, we recognize the financial impact of carbon pricing.
Risk details	We recognize the risk that, with the introduction of carbon taxes, profit margins will decline as the carbon tax burden is reflected in costs in the production of fruit at our own farms and in the ripening process at our own ripening and processing facilities. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We will continue to work on reducing fertilizer-derived emissions by switching to low-nitrogen fertilizers and on expanding the introduction of renewable energy.
Expected financial impact	<Financial impact> Medium-term and long-term: Slightly negative In the short term, we expect expenditures associated with the introduction of energy-saving equipment, and we believe that the financial impact described above can be reduced through the implementation of strategies and mitigation measures.

• Copper Business

Transition risks Business Opportunities	In the copper business, we recognize the financial impact of carbon pricing and the opportunity for business expansion associated with the transition to a decarbonized society.
Risk / Opportunity details	■ Financial impact of carbon pricing We recognize the risk that operating costs will increase due to the strengthening of environmental regulations in production activities at mines in which we hold interests. Time horizon: Medium-term and long-term ■ Opportunity for business expansion associated with the transition to a decarbonized society Against the backdrop of the global expansion of clean energy applications including renewable energy and electric vehicles and the advancement of AI-driven digitalization, a medium- to long-term increase in copper demand is expected under both the IEA's STEPS and NZE. With the rise in copper prices driven by this increase in copper demand, we recognize the opportunity for increased revenue in production and sales activities at mines in which we hold interests. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Financial impact of carbon pricing At certain mines, we have already implemented measures to reduce GHG emissions such as shifting to renewable energy. Going forward, we plan to shift 100% of the electricity used at other mines to renewable energy as well. ■ Opportunity for business expansion associated with the transition to a decarbonized society The expansion of supply is expected to remain difficult due to the depletion of operating mines, the difficulty of developing new mines, and the strengthening of environmental protection regulations. At the same time, addressing the reduction of environmental impact across the entire supply chain has become important, and in this environment, stable supply over the medium and long term while giving consideration to the environment and society is required. We are working to acquire new interests through investment in overseas copper mines, expand production from existing interests, and contribute to the stable supply of copper that supports decarbonization, while also supporting the stable procurement of copper products and securing sustained revenue opportunities for our business. In addition, we are working to ensure a sustainable copper supply by improving operational efficiency, reducing environmental impact, and enhancing resource circulation across the entire product life cycle.
Expected financial impact	■ Financial impact of carbon pricing <Financial impact> Medium-term and long-term: Slightly negative Even if regulations are further strengthened going forward, the financial impact is expected to be limited through the implementation of strategies and mitigation measures. ■ Opportunity for business expansion associated with the transition to a decarbonized society <Financial impact> Medium-term and long-term: Positive (Under the STEPS: Positive for both medium-term and long-term) Note: Fluctuations in copper prices associated with changes in copper demand entail a high degree of uncertainty, making it difficult to calculate the financial impact.

• **Aluminum Business**

Transition risks	In the aluminum business, we recognize the financial impact of carbon pricing.
Risk details	We recognize the risk that operating costs from carbon pricing will increase in the aluminum smelting process at our aluminum smelter. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We are working to reduce GHG emissions through operational improvements in the electrolysis process and are currently in the process of acquiring Renewable Energy Certificates (RECs). A key operating company has formulated a 2050 carbon neutrality target.
Expected financial impact	<Financial impact> Medium-term: Slightly negative; Long-term: Moderately negative In addition to the strategies and mitigation measures described above, we are considering multiple initiatives that contribute to reducing GHG emissions, and we believe that the financial impact described above can be reduced.

• **Thermal Coal and Coking Coal Business**

Transition risks	In the thermal coal and coking coal business, we recognize the risk of business contraction associated with the transition to a decarbonized society and the financial impact of carbon pricing.
Risk details	■ Risk of business contraction associated with the transition to a decarbonized society We recognize the risk of declining revenue and asset valuation in our upstream interest business for coking coal, due to the decline in coking coal demand and changes in the customer structure. Time horizon: Medium-term and long-term ■ Financial impact of carbon pricing We recognize the risk that operating costs will increase in production activities at coal mines in which we hold interests, due to the strengthening of regulations on GHG emissions (particularly methane) and the introduction of carbon taxes. The government of the project host country has already set GHG emission reduction targets within the country. Time horizon: Short-term Notes: - Energy policies in many countries, especially developed countries, plan for a shift from coal-fired power generation to gas-fired power generation and then to renewable energy power generation, and demand for thermal coal used in coal-fired power generation is therefore expected to decline. In light of such circumstances, in line with our Policies on Climate Change Issues, we will not acquire new interests in the thermal coal mine development business going forward and plan to reduce equity production volume to zero in the late 2020s. Since the business is scheduled to have already been exited within the medium-term and long-term time horizons, there is no financial impact. - Regarding the coking coal business, coal mines in which we hold interests are scheduled to reach the end of mining within the medium-term and long-term time horizons.
Financial impact in the current/next fiscal year	While carbon tax payments are incurred in the current fiscal year, no material impact on the carrying amounts of assets and liabilities is expected in the next fiscal year as a result of the financial impact in the current fiscal year. Financial impact in the current fiscal year: Slightly negative
Strategies and mitigation measures	■ Risk of business contraction associated with the transition to a decarbonized society Regarding the coking coal business, the interests we hold produce high-grade coking coal, and a certain level of demand is expected to be maintained under both the IEA's STEPS and NZE, so the impact on the coking coal business is expected to be limited. We will continue to consider investments in coal mines that produce coking coal with these characteristics. At the same time, we recognize that, as part of the external environment surrounding the coking coal business, the launch of new coking coal mines has tended to be delayed in recent years due to factors such as permitting. ■ Financial impact of carbon pricing At coal mines in which we hold interests, we are working to reduce emissions through improvement in operational efficiency. We are also contributing to decarbonization through investments in projects to utilize former coal mine sites (pongamia tree planting) including for use as biodiesel fuel, and in companies such as Loop, which operates a gas extraction business at open-pit coal mines. Going forward, we will continue to work to achieve emission reduction targets set by the government of the project host country as well as targets for emission reductions through our own efforts.

Expected financial impact	■ Risk of business contraction associated with the transition to a decarbonized society <Financial impact> Medium-term and long-term: Slightly negative (Under the STEPS: Slightly negative for both medium-term and long-term) As described above, our policy is not to acquire new interests in the thermal coal mine development business and to reduce equity production volume to zero in the late 2020s. Since the business is scheduled to have already been exited within the medium-term and long-term time horizons, there is no financial impact. The weight of thermal coal interests in our resource portfolio is relatively small, and the interests we currently hold are also scheduled to reach the end of their mine life in the near future. These interests produce high-grade coal, which is in relatively high demand, and are cost-competitive, providing a degree of resilience against price declines even in the event of falling demand. Regarding coking coal, over the long term, against the backdrop of policy developments such as the introduction and strengthening of carbon taxes in many countries and regions, the practical adoption of low-carbon steelmaking methods with lower CO₂ emissions and an increase in the ratio of electric furnace steel are expected to progress and lead to a decline in demand. However, in combination with CO₂ capture and storage technologies such as CCUS, steel production using blast furnaces is expected to be maintained for the time being. Furthermore, the Group's upstream interest investment business is directed at the seaborne trade market, where coking coal demand is expected to increase under the STEPS and to decline modestly under the NZE, with supply declines preceding demand declines under both the STEPS and NZE. The interests we hold produce high-grade coking coal, and a certain level of demand is expected to be maintained under both the STEPS and NZE, so the impact on the coking coal business is expected to be limited. ■ Financial impact of carbon pricing <Financial impact> Short-term: Slightly negative Carbon taxes are factored into the full-year forecast for FY2026.
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• **Iron Ore Business**

Transition risks	In the iron ore business, we recognize the risk of business contraction associated with the transition to a decarbonized society.
Risk details	We recognize the risk of declining revenue and asset valuation in our iron ore upstream interest business, due to the decline in iron ore demand resulting from the shift from blast furnaces to electric furnaces by steel manufacturers. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	Our iron ore-related businesses contribute to the stable supply of resources to Asia, with a focus on China and Japan. From the medium term onward, much of the production from the interests we hold is expected to consist of high-grade iron ore, which is in scarce supply, so the impact of declining iron ore demand from the increase in the ratio of electric furnaces is expected to be minor. We will continue to monitor the impact on demand from changes in iron-making and steelmaking methods in the steel industry's response to the transition to a decarbonized society, and we will promote actions toward the stable supply of iron ore through the diversification and broadening of our customer base.
Expected financial impact	<Financial impact> Medium-term and long-term: Slightly negative (Under the STEPS: Neutral for both medium-term and long-term) Under the NZE, iron ore demand may decline with the increase in the ratio of electric furnaces in the steel industry, but the impact on high-grade iron ore, demand for which rises under both the blast furnace and electric furnace methods, is expected to be minor. As described above, much of the production from the multiple interests we hold is expected to be high-grade iron ore, and we recognize that the impact of declining demand will be minor or avoidable.

• **Chemicals Business**

Business Opportunities	In the chemicals business, we recognize the opportunity for business expansion associated with the transition to a decarbonized society.
Opportunity details	■ Opportunities in green chemical products We expect demand for green chemical products to increase as a result of the transition to a decarbonized society, and in our green chemical sales business, we recognize the opportunity for increased revenue through the active promotion of green chemical products. Time horizon: Medium-term and long-term ■ Opportunities in propane products With the medium- to long-term increase in LNG demand expected under the STEPS, demand for propane, which is used as a refrigerant in the LNG liquefaction process, is also expected to increase, and we recognize the opportunity for increased revenue in our propane sales business. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Opportunities in green chemical products We have obtained ISCC PLUS certification under International Sustainability & Carbon Certification for handling bio-based chemical products, and we have been conducting research to identify customer demand and suppliers that can meet that demand. Going forward, if additional certifications are needed based on societal demands, we will continue to acquire them, and will continue to gather information to identify, in a timely manner, the demand that is expected to grow and to find the suppliers that can meet it. ■ Opportunities in propane products By establishing a new manufacturing base, we have built a business foundation that can continuously capture opportunities for selling propane for LNG applications.
Expected financial impact	■ Opportunities in green chemical products <Financial impact> Medium-term and long-term: Slightly positive (Under the STEPS: Slightly positive for both medium-term and long-term) The increase in demand for green chemical products is expected to be more pronounced under the NZE. ■ Opportunities in propane products <Financial impact> Medium-term and long-term: Slightly positive (Under the STEPS: Slightly positive for both medium-term and long-term) The increase in demand for propane, which is used as a refrigerant in the LNG liquefaction process, is expected to be more pronounced under the STEPS.

• **Agricultural Materials Distributor Business**

Physical risks	In the agricultural materials distributor business, we recognize the risk of crop yield decline.
Risk details	As the likelihood of drought rises with the increase in average temperatures, in the event of a drought, we recognize the risk of declining sales and the risk of an increase in the allowance for doubtful accounts in our agriculture-related sales activities, due to the deteriorating profitability of farmers caused by crop yield decline. Time horizon: Short-, medium-, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	To enhance resilience against fluctuations in sales, we have already been working on the appropriate control of selling, general, and administrative expenses and the optimization of our fixed cost structure, as well as on stricter credit screening and an increase in the ratio of collateral obtained, and we will continue these efforts.
Expected financial impact	<Financial impact> Short-term, medium-term, and long-term: Moderately negative In the event that the risk materializes, declining sales and an increase in the allowance for doubtful accounts are expected. While the implementation of strategies and mitigation measures is expected to entail an increase in management costs from enhancing credit screening processes and a decrease in sales opportunities from stricter credit screening, we are working to reduce the risk.

• **Power Generation Business (Coal-Fired Power Generation, Gas-Fired Power Generation)**

Physical risks Transition risks	In the power generation business, we recognize the risk of operational disruption due to flooding and the risk of business contraction associated with the transition to a decarbonized society.
Risk details	■ Risk of operational disruption due to flooding With the increased likelihood of weather disruptions such as heavy rainfall accompanying rising average temperatures and seawater temperatures, we recognize the risk that, should flooding occur, our coal-fired power plants would face opportunity losses during operational disruptions and the incurrence of costs to restore facilities. Time horizon: Short-term and medium-term ■ Risk of business contraction associated with the transition to a decarbonized society For coal-fired power generation, a phased reduction is progressing starting with developed countries, and significant decreases in demand are expected going forward under both the STEPS and NZE. For the gas-fired power generation business as well, while an increase in demand is expected under the STEPS, a decrease is expected under the NZE. In light of the above, while there is the risk of business contraction and assets becoming stranded as demand for coal-fired and gas-fired power generation declines, our coal-fired and gas-fired power generation businesses have entered into long-term power sales contracts, so the financial impact of decreased demand is expected to be limited. Time horizon: Short-term, medium-term, and long-term Notes: In line with our Policies on Climate Change Issues, we will withdraw from all coal-fired power generation businesses by the late 2040s, and existing coal-fired power generation businesses are therefore scheduled to end within the long-term time horizon.
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Risk of operational disruption due to flooding We have procured insurance for operational disruptions in preparation for losses should the risk materialize. ■ Risk of business contraction associated with the transition to a decarbonized society Because we have entered into long-term power sales contracts, the financial impact of decreased demand for coal-fired and gas-fired power generation will be limited. We nonetheless comply appropriately with environmental regulations and related laws in the project host country, and we will continue to closely monitor trends surrounding decarbonization.
Expected financial impact	■ Risk of operational disruption due to flooding <Financial impact> Short-term and medium-term: Moderately negative As a strategy and mitigation measure for this risk, costs are incurred to procure insurance for operational disruptions as noted above. However, since losses when the risk materializes will be covered by insurance for operational disruptions, the financial impact is expected to be limited. ■ Risk of business contraction associated with the transition to a decarbonized society <Financial impact> Short-term, medium-term, and long-term: Slightly negative (Under the STEPS: Slightly negative for short-term, medium-term, and long-term) While the share of gas-fired power generation in total power generation is expected to decline over the medium and long term, studies on reducing CO₂ emissions through the use of new technologies such as hydrogen and CCUS are also expected to progress. From the perspective of stable power supply as we advance the energy transition, a certain level of supply is expected to be required, with gas-fired power generation remaining an important means of generation. As noted above, because both the coal-fired and gas-fired power generation businesses have entered into long-term power sales contracts, the financial impact of decreased demand is expected to be limited. We comply appropriately with environmental regulations and related laws in the project host country, and because these compliance costs fall within the scope of the long-term power sales contracts, the financial impact is also limited.

• **Natural Gas and LNG Business (Upstream Interests)**

Transition risks	In the natural gas and LNG business (upstream interests), we recognize the risk of business contraction associated with the transition to a decarbonized society and the financial impact of carbon pricing.
Risk details	■ Risk of business contraction associated with the transition to a decarbonized society Demand for natural gas and LNG is expected to expand steadily through the mid-2030s under the STEPS, while it is expected to decrease over the medium and long term under the NZE. We recognize the risk of decreased gas demand in our LNG upstream interest business. Time horizon: Medium-term and long-term ■ Financial impact of carbon pricing We recognize the risk that the profitability of the business will be pressured should a carbon tax or carbon levy be introduced in the major sales destinations of LNG produced at projects in which we participate. Time horizon: Medium-term Note: Within the long-term time horizon, existing businesses are scheduled to end production based on the project production plans.
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	■ Risk of business contraction associated with the transition to a decarbonized society We are working to maintain and enhance the competitiveness of existing assets through measures such as low-cost additional development that utilizes existing plants. For new projects, taking into account policy shifts in each country and the introduction of carbon pricing, we are focusing on strategic regions from a medium- to long-term perspective and working to maximize opportunities by creating a natural gas and LNG value chain in combination with LNG trading as well as midstream and downstream businesses. We will continue to introduce low-carbon technologies such as CCS and CCUS while seeking the best mix with renewable energy, securing demand for transition fuels that support the shift to a carbon-neutral society and contributing to a stable supply of energy. ■ Financial impact of carbon pricing A portion of the gas and LNG produced at some projects is supplied for power generation use within the project host country. In regions where coal-fired power generation still accounts for most of the power mix, our initiatives for these projects are contributing to improvements in each country's energy mix and to GHG emission reductions. Furthermore, the expansion and development plans currently under way include CCUS, and we are working to enhance the value of existing assets in a low-carbon society. In addition, at a project in a different country from the above, we produce LNG using clean FEED gas with extremely low GHG emissions, contributing to a low-carbon energy supply.
Expected financial impact	■ Risk of business contraction associated with the transition to a decarbonized society <Financial impact> Medium-term: Slightly negative (Under the STEPS: Slightly positive for medium-term) Note: The calculation assumes that existing businesses will be held until the end of mining, and within the long-term time horizon, existing businesses are scheduled to end production. During the transition to a low-carbon society, natural gas and LNG are expected to continue to play an important role, not only as a substitute for coal in power generation but also as a feedstock for producing petrochemical products and ammonia, and as a transportation fuel. In the short and medium term, demand is expected to increase, particularly in the ASEAN region, with increased business opportunities anticipated in Asia and Oceania (including India). In the long term, while the increase in demand in emerging countries is expected to be offset by the spread of renewable energy and other sources, leading to a downward trend in demand, we believe natural gas will continue to play an important role, including by serving a balancing function when renewables are not generating power. ■ Financial impact of carbon pricing <Financial impact> Medium-term: Significantly negative At some projects, no carbon tax or carbon levy is currently planned for introduction in the sales destination areas in the short term, so no impact on financial position or financial performance is anticipated. Expenditures for implementing CCUS as a measure to reduce CO₂ emissions from manufacturing plants are included in project costs, and no additional costs are expected to arise. In addition, at a project in a different country from the above, an upper limit has been set on the volume of GHG emissions from manufacturing plants, and any amount exceeding that limit is scheduled to be offset using carbon credits. These expenditures are also already included in project costs. ■ Over the medium and long term, at both projects, we recognize the risk that the profitability of the business will be pressured should a carbon tax or carbon levy be introduced in the major sales destination areas.

• Natural Gas and LNG Business (Trading)

Transition risks Business Opportunities	In our gas trading business, we recognize the risk of business contraction associated with the transition to a decarbonized society, the opportunity for business expansion associated with the transition to a decarbonized society, and the opportunity for shifting to low-carbon products.
Risk / Opportunity details	■ Risk of business contraction associated with the transition to a decarbonized society While demand for natural gas and LNG is expected to increase under the STEPS over the medium and long term, it is expected to decrease under the NZE. We recognize the risk that profit for the year in our gas trading business will decrease in line with a decline in gas demand. Time horizon: Long-term ■ Opportunity for business expansion associated with the transition to a decarbonized society We recognize the opportunity for revenue from the gas trading business to increase along with rising demand for natural gas as a transition fuel and rising demand for natural gas to supply gas-fired power generation that meets electricity demand for AI. Time horizon: Medium-term and long-term ■ Opportunity for shifting to low-carbon products We recognize the opportunity for revenue from trading businesses other than gas trading to increase by entering trading in other products that can leverage the trading expertise we have cultivated in gas trading. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	Regarding the risk of business contraction associated with the transition to a decarbonized society and the opportunity for business expansion associated with the transition to a decarbonized society, there is no material financial impact in the current or next fiscal year. Regarding the opportunity for shifting to low-carbon products, we have already entered the power and environmental product trading businesses and have recognized revenue from this business in the current fiscal year. No material impact on the carrying amounts of assets and liabilities is expected in the next fiscal year. <Financial impact in the current fiscal year> Slightly positive
Strategies and mitigation measures	We are establishing the necessary organizational structure and recruiting specialist personnel to expand gas trading transactions and to expand trading businesses beyond gas. In parallel, while also pursuing the strengthening of our governance structure, we will expand our trading businesses by entering product trading that can leverage the trading expertise cultivated in gas trading, in addition to our conventional natural gas and LNG trading and the power and environmental products trading we have already entered.
Expected financial impact	■ Risk of business contraction associated with the transition to a decarbonized society <Financial impact> Medium-term: Neutral; Long-term: Slightly negative (Under the STEPS: Slightly positive for both medium-term and long-term) Under the NZE, where demand for natural gas and LNG is expected to decrease, we recognize the risk that profit for the year attributable to owners of the parent will decrease in line with declining gas demand. On the other hand, as noted above in “Natural Gas and LNG Business (Upstream Interests),” during the transition to a low-carbon society, natural gas and LNG are expected to continue to play an important role, not only as a substitute for coal in power generation but also as a feedstock for producing petrochemical products and ammonia, and as a transportation fuel. ■ Opportunity for business expansion associated with the transition to a decarbonized society / Opportunity for shifting to low-carbon products <Financial impact> Medium-term and long-term: Slightly positive Although personnel costs will increase along with staffing build-up, in addition to power and environmental products, we anticipate further additions to profit for the year attributable to owners of the parent through entry into product trading that can leverage our trading expertise.

• **Offshore Oil and Gas Production Facility Chartering Business**

Transition risks	In the offshore oil and gas production facility chartering business, we recognize the risk of business contraction associated with the transition to a decarbonized society.
Risk details	Demand for natural gas is expected to increase under the STEPS and decrease under the NZE over the medium and long term. Demand for oil is expected to remain flat under the STEPS and decrease under the NZE over the medium and long term. While there is a risk of business contraction due to decreasing demand for oil and gas and regulatory changes, our offshore oil and gas production facility chartering business has entered into long-term chartering contracts, so financial impact from a decline in demand is expected to be limited. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	As noted above, because we have entered into long-term chartering contracts, the financial impact of decreased demand is expected to be limited. We nonetheless comply appropriately with environmental regulations and related laws in the project host country, and we will continue to closely monitor trends surrounding decarbonization.
Expected financial impact	<Financial impact> Short-term, medium-term, and long-term: Slightly negative (Under the STEPS: Slightly negative for short-term, medium-term, and long-term) As noted above, because we have entered into long-term chartering contracts, the financial impact is also limited.

■ **Climate-Related Resilience**

With respect to the climate-related risks for each individual business identified above that could affect the Group's prospects, we are already implementing strategies and mitigation measures, and we continue to formulate plans for further strategies and mitigation measures. Through the implementation of strategies and mitigation measures, we recognize that uncertainty is reduced and the financial impact can be reduced even if the risks materialize. In addition, our business portfolio is broadly diversified across a wide range of industries and regions, and we recognize that the impact on the Group's business continuity is limited. Furthermore, taking into account the total financial impact under the NZE for all of the transition risks identified above, we assess that the Group has resilience in terms of business continuity in the transition to a decarbonized society.

In addition, with respect to the climate-related opportunities for each individual business identified above that could affect the Group's prospects, we are formulating strategies and working to ensure that they materialize, accelerating new growth that builds on the Group's strengths.

3. Risk Management

Climate-related risks are also identified and assessed based on a company-wide management process. For details, please refer to "(1) Overall Picture of Sustainability Management, 3. Risk Management."

4. Metrics and Targets

■ **The Group's Carbon Neutrality Targets**

The Group has established the Policies on Climate Change Issues as well as long-term and medium-term goals for our Material Issues, and aims to advance our efforts to achieve the Group's carbon neutrality in 2050 while contributing to the carbon neutrality of society.

For Scope 1, 2, and 3 (Categories 13 and 15), which constitute the scope subject to carbon neutrality, we have set FY2024 as the base year and aim to achieve carbon neutrality in 2050 as our long-term goal, with an interim reduction target of reducing total emissions by 30% or more from the base year by FY2035 (breakdown: 85% reduction in Scope 1 and 2; 20% reduction in Scope 3 (Categories 13 and 15)). Carbon neutrality in 2050 means reducing the Group's GHG emissions and bringing residual emissions to net zero through internationally recognized methods such as carbon removal. The scope of carbon neutrality covers GHGs including not only CO₂ but also methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

The objective of these targets is for the Group to play its role in actively contributing to realizing carbon neutrality in society as stipulated in the Paris Agreement and other relevant global consensus.

To achieve the emission reduction targets, we will continue steady reduction efforts tailored to the business environment of each site, including introducing energy-saving equipment, replacing equipment, and procuring renewable energy.

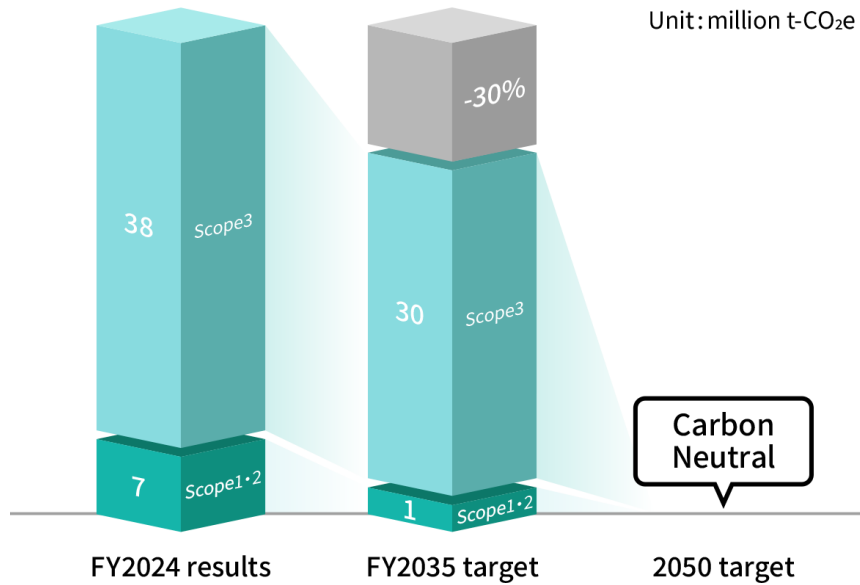
The Group's climate-related targets are reviewed by the Board of Directors after submission to the Management Council. For details, please refer to "(1) Overall Picture of Sustainability Management, 1. Governance." As metrics for monitoring the progress of the Group's climate-related targets, the trajectories of Scope 1, 2, and 3 (Categories 13 and 15) emissions are set.

In working toward carbon neutrality in 2050, the thermal power generation business and the fossil fuel upstream business are priority areas in which the Group is advancing emission reductions, and we regard emissions from these two businesses as important information that conveys our investment and financing stance to stakeholders. Given that the new scope subject to carbon neutrality under the GHG Protocol cannot fully capture all emissions from these two businesses*, we continue to monitor and disclose the annual emissions from both businesses.

* Approximately 70% of the total emissions from the thermal power generation business and the fossil fuel upstream business (total emissions of 50 million t-CO₂e in FY2024) are included in the newly established scope of Scope 1, 2, and 3 (Categories 13 and 15). The remaining approximately 30%, however, falls outside the scope of Scope 1, 2, and 3 due to reasons such as being supply chain emissions of businesses in which the Group invests as a minority shareholder.

【Carbon Neutrality Target】

A total of 45 million t-CO₂e

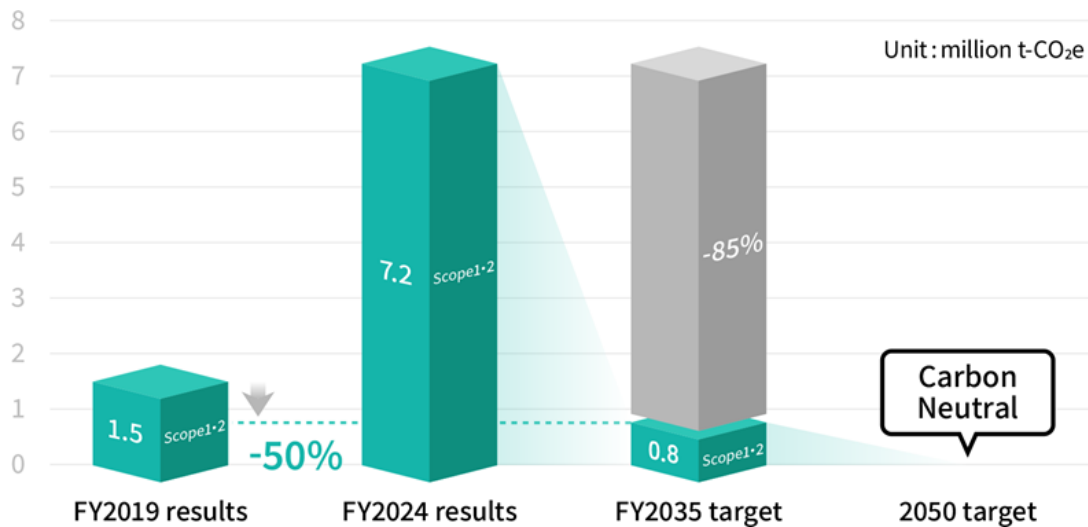


【Scope 1 + 2】

Base year: 7.2 million t-CO₂e in FY2024

Interim target: 0.8 million t-CO₂e in FY2035 (85% reduction from the base year)

Long-term target: Carbon neutrality in 2050



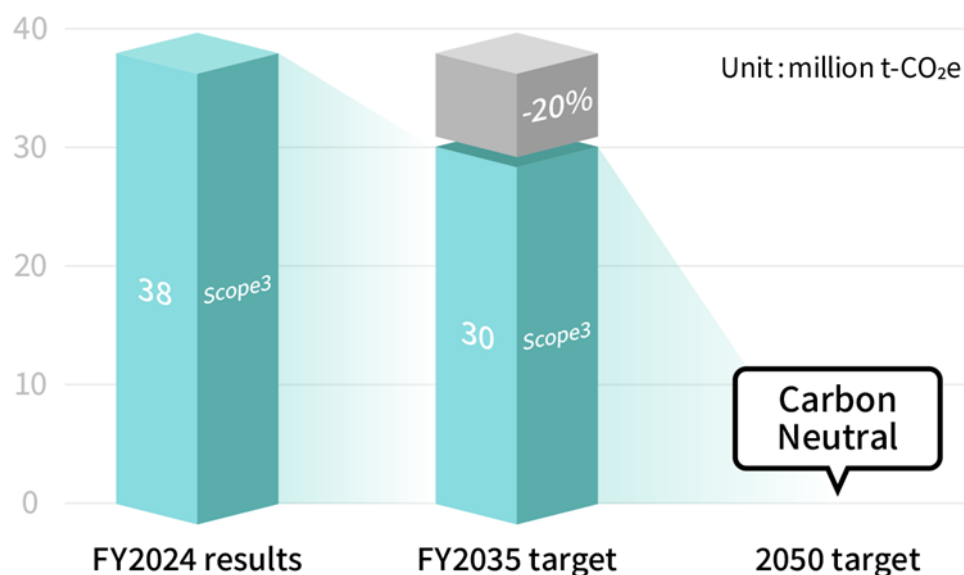
- The emission reduction target of 0.8 million t-CO₂e for FY2035 is a level that maintains the previous interim target of reducing CO₂ by 50% or more from the total of 1.5 million t-CO₂e for Scope 1/2 in FY2019.
- Scope 1/2 emissions in FY2024 increased by approximately 6 million t-CO₂e compared to FY2019 due to the commencement of operations at the Van Phong thermal power plant (100% owned by Sumitomo Corporation) that was under construction in FY2019. We will transfer 50% of our equity interests in the power plant, and after the transfer, we plan to recognize the equity-share emissions under Scope 3 Category 15.

【Scope 3 (Category 13 and 15)】

Base year: 38 million t-CO₂e in FY2024

Interim target: 30 million t-CO₂e in FY2035 (20% reduction from the base year)

Long-term target: Carbon neutrality in 2050



- As of FY2024, the majority of Scope 3 emissions were from the thermal power generation business, and our policy is to stably provide the energy that is essential for economic and industrial development in local communities while continuously shifting management resources to a power generation portfolio with low environmental impact.
- The projected emissions for FY2035 include emissions following the transfer of the 50% stake in the Van Phong thermal power plant.

■ GHG Emissions within the Carbon Neutrality Boundary for the Sumitomo Corporation Group (Preliminary Figures)

(Unit: Thousand t-CO₂e)

		FY2024 (base year)	FY2025	Increase/decrease	Percentage of reduction from the base year
Scope 1		6,666	6,799	+133	2.0%
Scope 2		490	485	△5	△1.0%
Scope 3	Category 13	20,052	18,707	△1,345	△6.7%
	Category 15	17,778	16,305	△1,473	△8.3%

*1 The finalized figures will be disclosed on our website at a later date.

*2 The scope of the calculation is as follows.

Scope 1 and 2: Sumitomo Corporation on a non-consolidated basis, consolidated subsidiaries, and joint operations, based on the operational control approach under the GHG Protocol (2004).

Scope 3: Sumitomo Corporation on a non-consolidated basis and consolidated subsidiaries (excluding certain operating companies with small business revenue scale that are not classified under the high-emission business criteria from a materiality perspective).

*3 The Scope 1 figures include CO₂ emissions from energy combustion and GHG emissions other than CO₂ from energy combustion.

*4 Scope 1 and 2 GHG emissions are calculated based on our policy, formulated with reference to the GHG Protocol. In addition, in the calculation of GHG emissions, emission factors are based on data from “Mandatory Greenhouse Gas Accounting and

Reporting System” of the Ministry of the Environment of Japan and 2023 country-specific data of the IEA’s “Emission Factors 2025.”

*5 For the calculation of Scope 3, we reference the GHG Protocol “Corporate Value Chain (Scope 3) Accounting and Reporting Standard” and various sources of information on the Green Value Chain Platform led by the Ministry of the Environment. Calculations are based on the latest actual figures, economic data, and coefficients available at the time of calculation. The main data sources used for emission factors are as follows.

Category 13: Usage scenarios established based on reasonable assumptions

Category 15: Emission factor database for calculating an organization’s greenhouse gas emissions, etc. through the supply chain

【CO2 Emissions Associated with the Thermal Power Generation Business and Fossil Fuel Upstream Business *1】

(Unit: Thousand t-CO2e)

Index	FY2019 (Base year)	FY2024	FY2025	Percentage of reduction from the base year
Thermal power generation business*2	43,126	38,612	37,322	△13.5%
Of which, coal-fired power generation*2	34,452	32,429	31,722	△7.9%
Fossil fuel upstream business*3	15,808	11,564	11,320	△28.4%
Of which, thermal coal mine development project	12,538	10,248	9,938	△20.7%

*1 Figures for active power generation projects and fossil fuel upstream business are calculated with the advice of a third party.

*2 Includes estimates for projects under construction and emissions from those affiliated companies under the equity method.

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

■ Policy on Coal-Related Businesses

- Coal-fired power generation business
 - ・ No involvement in any new coal-fired power generation business, neither in IPP nor EPC
 - ・ Reduce CO2 emissions by 60% or more by FY2035 (compared with FY2019)
 - ・ End all coal-fired power generation business by the late 2040s
 - ・ While engaging in consensus building based on sincere dialogue with host countries, local communities, and other stakeholders; pursuing considerations and efforts toward the decarbonization and low-carbonization of existing facilities; and providing maximum support for host countries in shifting their power sources to renewable energy and other cleaner alternatives, we will pursue various options, without eliminating the possibility of accelerated withdrawal from the business to realize decarbonization of our group and society.
- Thermal coal mine development business
 - ・ No further investment in thermal coal mine development projects.
 - ・ Aim to achieve zero production from thermal coal mines by the end of the 2020s

■ Total Assets of Businesses Corresponding to climate-related risks and opportunities, and Their Share of the Total

The assets vulnerable to climate-related physical and transition risks that can reasonably be expected to affect the Group’s prospects, and their share of the Group’s total assets, are as follows. Assets vulnerable to physical risks cover the total assets corresponding to physical risks, and assets vulnerable to transition risks cover the non-current assets of businesses corresponding to transition risks. In addition, regarding assets vulnerable to transition risks, businesses for which the expected financial impact of transition risks that can reasonably be expected to affect the Group’s prospects is limited are excluded.

Also, the total assets aligned with climate-related opportunities that can reasonably be expected to affect the Group’s prospects, and their share of the Group’s total assets, are also as follows.

- Physical risks: 564,893 million yen (share of the Group's total: 4.1%)
- Transition risks: 796,029 million yen (share of the Group's total: 5.8%)
- Business opportunities: 328,956 million yen (share of the Group's total: 2.4%)

<As of March 31, 2026>

■ Capital Investment Corresponding to climate-related risks and opportunities

For the climate-related risks and opportunities that can reasonably be expected to affect the Group's prospects, there is no material capital investment corresponding to them (as of March 31, 2026).

In addition, in order to have the Group's sustainability management recognized by a wide range of stakeholders and to advance it from the viewpoint of financing, we have formulated the Sustainable Finance Framework.

■ Internal Carbon Pricing

From April 2023, we have been operating an internal carbon pricing (ICP) system to calculate carbon emission costs. We utilize analysis from the system to consider group-wide measures to create new business opportunities that contribute to realizing a carbon-neutral society and check potential impacts on future businesses for decisions on investment.

In the ICP system, we use the carbon price outlook under the NZE in the "World Energy Outlook 2024" published by the IEA to conduct scenario analyses based on the locations of new and existing projects.

<Carbon Prices in Our ICP>

(Unit: US dollars/t-CO₂)

	FY2035	FY2040	FY2050
Advanced economies with net zero emissions pledges	180	205	250
Emerging market and developing economies with net zero emissions pledges	125	160	200
Selected emerging market and developing economies (without net zero emissions pledges)	50	85	180
Other emerging market and developing economies	25	35	55

(3) Natural Capital-Related Disclosures

The Group's businesses across various sectors depend heavily on nature. We believe it is essential to make decisions that take natural capital into account, contributing not only to business sustainability but also to the sustainability of the global environment.

The Group views various nature-related themes, including climate change mitigation and adaptation, the conservation of biodiversity, the sustainable use of energy, water, and resources, and pollution prevention, as important and long-term issues. We have set "Overcome climate change" and "Preserve and regenerate natural capital" as Material Issues and have established and are working under the following Environmental Policy.

Environmental Policy

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at both social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its environmental Basic Policy.

1. Basic stance with regard to the environment:

To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.

2. Compliance with environmental legislation:

To strictly observe legislation related to environmental matters not only in Japan but also overseas, and to abide by any agreements made.

3. Caring for the natural environment:

To place great importance on preserving the environment, including the natural ecosystem and biodiversity.

4. Response to climate change:

To place great importance on mitigating climate change and adapting to its impact.

5. Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

6. Contributing to the building of a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

7. Promotion of businesses that contribute to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

8. Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

9. Disclosure of the environmental policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

1. Governance

The Group's governance of natural capital is incorporated into the overall governance of sustainability management. For details, please refer to "(1) Overall Picture of Sustainability Management, 1. Governance."

2. Strategy

We updated our Material Issues in May 2024 and added "Preserve and regenerate natural capital" to achieve sustainable growth through resolution of social issues, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity over recent years, the Group's strengths, and expectations from stakeholders. Additionally, we have set a medium-term goal of "Accelerate initiatives toward a nature-positive world by 2030." To foster understanding of this target and strengthen related initiatives, we have defined our approach to achieving nature-positive as "Minimize the impact of our business on natural capital and continue to transform our business to preserve and regenerate natural capital." We will accelerate efforts on both fronts, reducing risks and creating opportunities through our business activities.

We analyze risks and opportunities across the entire value chain based on the SASB Standards. In addition, taking into account the content of our studies regarding the identification and management of nature-related risks and impacts conducted in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, we have identified important risks and opportunities related to natural capital.

The natural capital-related risks and opportunities that could reasonably be expected to affect the Group's prospects are as follows .
For the financial impact related to these, because it is difficult to estimate quantitative information that is reasonable and supportable, we provide qualitative information.

Businesses	Categories	Details	Time horizons*		
			Short-term	Medium-term	Long-term
Real estate business	Product life cycle	Opportunity for cost reduction associated with the reuse of existing assets		●	●
Agricultural materials distributor business	Product life cycle	Risk of reduced competitiveness associated with progress in the market shift to environmentally friendly products			●
Iron ore business Copper business	Waste and hazardous materials management	Risk of operational disruption and the incurrence of restoration and compensation costs associated with events such as tailings dam collapse	●	●	●

* Time horizons: Short-term (2026), Medium-term (2035), Long-term (2050)

(a)Product Life Cycle

Economic and social activities based on mass production, mass consumption, and mass disposal not only hinder sound material circulation, but are also closely related to various environmental issues, such as climate change, the depletion of natural resources, and the loss of biodiversity caused by large-scale resource extraction. Efforts to realize a circular economy, which is an economic system that aims to maximize the value of resources and products, reduces resource input and consumption, and minimizes waste generation, while transitioning away from conventional economic and social models, have become a shared challenge for the international community, alongside climate change mitigation and biodiversity conservation. In addition, in recent years, increasing emphasis has been placed on the role of the circular economy in enhancing industrial competitiveness and ensuring economic security.

In light of this environment, the Group will make effective use of limited resources and contribute to the realization of sustainable resource recycling by switching to resource-saving technologies and products, and working on sustainable procurement from forests and other natural resources. In addition, we are participating in Circular Partners (CPs) promoted by the Ministry of Economy, Trade and Industry, engaging in rule-making and networking, and working to create businesses that contribute to the circular economy.

Based on this business environment and the characteristics of the Group's businesses, the Group has identified risks and

opportunities at each stage of the product life cycle and analyzes them as shown in the table below.

• **Real Estate Business**

Overview	In the real estate business, we recognize the opportunity for cost reduction associated with the reuse of existing assets.
Opportunity details	In the development phase of our mid-sized office building business, we recognize the opportunity for construction cost reduction through our renovation business. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	In the current fiscal year, we recognize construction cost reduction as the renovation business has allowed us to curb new construction. No material impact on the carrying amounts of assets and liabilities is expected in the next fiscal year.
Strategies and mitigation measures	We have been working on building renovation projects ahead of our industry peers, and going forward, in addition to our building business, we will strengthen our work on renovation projects in other asset types.
Expected financial impact	We anticipate construction cost reduction through our continued work on the renovation business.

• **Agricultural Materials Distributor Business**

Overview	In the agricultural materials distributor business, we recognize the risk of reduced competitiveness associated with progress in the market shift to environmentally friendly products.
Risk details	For biological pesticides, which are currently in widespread use in Western Europe ahead of other regions, market expansion is expected in Eastern Europe going forward. We recognize the risk of decreased revenue in our operating company that operates mainly in Eastern Europe should we fail to adapt to growing demand for biological pesticides. Time horizon: Long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	By developing our own biological pesticides, we are limiting the loss of market share for our existing chemical pesticides to other companies' biological pesticides. Going forward, we will work to expand the share of our own biological pesticide products.
Expected financial impact	We are limiting revenue decreases by refreshing our product lineup, but should we fail to adapt appropriately to market trends, decreased revenue is anticipated.

(b)Waste and Hazardous Materials Management

The Group's business covers a wide range of areas around the world. As described in the Environmental Policy, the Group complies with environment-related laws and regulations and contributes to creating a recycling society. We consider it important not only to comply with laws, ordinances, and standards to prevent pollution caused by waste water, sludge, exhaust, and other wastes but also to reduce environmental impact through waste reduction, reuse and recycling in order to achieve a sustainable society. We will continue to address relevant issues through our business activities.

Based on this business environment and the characteristics of the Group's businesses, the Group has identified multiple risks and opportunities related to the management of waste and hazardous materials, as shown in the table above, and analyzes them as shown in the table below.

• **Iron Ore Business / Copper Business**

Overview	In the iron ore business and copper business, we recognize the risk of operational disruption and the incurrence of restoration and compensation costs associated with events such as tailings dam collapse.
Risk details	In production activities at our own and invested mines as well as manufacturing facilities, we recognize the risk that incidents related to tailings dams may cause operational restrictions, production halts, and response costs. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	Under a structure that includes the involvement of experts, we have established management standards for tailings dams, conduct periodic reviews and audits by third-party technical consultants, and manage tailings dams to ensure their safety through supervision and verification by the relevant authorities. Going forward, we will continue to implement the above measures and make improvements as necessary.
Expected financial impact	We set strict design and management standards for tailings dams and take preventive measures, but should an accident or collapse occur, decreased production and revenue from operational restrictions and other factors, as well as increased response costs and compensation costs, would be anticipated.

■ **Resilience**

For each of the natural capital-related risks identified above that could reasonably be expected to affect the Group's prospects, we are already implementing strategies and mitigation measures, and we continue to formulate plans for further strategies and mitigation measures. Through the implementation of strategies and mitigation measures, we assess that the Group has resilience in terms of business continuity.

3. Risk Management

Risks related to natural capital are also identified and assessed based on a company-wide management process. For details, please refer to "(1) Overall Picture of Sustainability Management," "3. Risk Management."

4. Metrics and Targets

As a medium-term goal under the Material Issue "Preserve and regenerate natural capital," we have set a goal to "Accelerate initiatives toward a nature-positive world by 2030."

The main initiatives that make up this medium-term goal are as follows.

- 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

(4) Human Capital-Related Disclosures

1. Governance

(a) Supervision of Human Capital Management

The Board of Directors supervises and monitors important management matters related to human capital in the Group. Important policies, including the human capital strategy and other policies directly linked to management strategy, are deliberated and determined by the Management Council and its advisory bodies, including the Corporate Sustainability Committee and the Global HR Committee. The Board of Directors exercises effective supervisory functions by receiving comprehensive reports from the executive officers at least once a year. For directors' skills and competencies, please refer to "(1) Overall Picture of Sustainability Management, 1. Governance, (a) Supervision of Sustainability Management."

The Group's management is based on the three core principles of the Group Management Policy: Jiritsu, dialogue, and collaboration. With regard to the operation of human capital-related measures at each Group company, while on-the-ground decisions are made

autonomously by each company, the parent company is involved through dialogue as a shareholder in important decisions such as those related to personnel matters concerning directors and executive officers. With respect to risk management in these processes, we monitor the status of the development and operation of internal control systems established by each operating company. In addition, based on the idea that talent, while belonging to each company, also constitutes capital of the Group, we provide cross-Group talent development programs and coordinate through flexible personnel exchanges within the Group.

Governance for Group-wide human capital has a two-tier structure consisting of a common framework (first tier) applied across the entire Group, such as the Global HR Management Policy, Sumitomo Corporation Group's Human Rights Policy, and Sumitomo Corporation Group Compliance Policy, as well as individual systems, such as grades, evaluation, remuneration, and measures (second tier) determined independently by each company in accordance with its business characteristics and local laws and regulations. For details, please refer to "(1) Overall Picture of Sustainability Management," "1. Governance," "(a) Supervision of Sustainability Management."

(b) Execution of Human Capital Management

Decision-making and business execution for important management matters related to the Company's human capital are the responsibility of the Management Council and its advisory bodies.

As an advisory body to the Management Council, we have established the Global HR Committee, chaired by the Chief Administration Officer and Chief Compliance Officer and composed of several members appointed by the Management Council. Important measures related to human capital are referred to this committee, and the Management Council then makes comprehensive decisions.

The Company's Chief Administration Officer and Chief Compliance Officer has the responsibility and authority for formulating and implementing the human capital strategy. For human capital risks and opportunities, the HR Strategy Department and the HR Solutions Department, which handle the planning and internal dissemination of personnel measures, coordinate with related corporate organizations such as the Corporate Planning & Coordination Department, which handles the Company's overall management plan and the planning of important measures. After incorporating input from each Business Group and regional organization, measures are formulated and advanced.

To make the Company's human capital initiatives more effective, we include non-financial indicators related to human capital (promotion of women's empowerment and employee engagement) as evaluation items in the restricted performance share unit-based compensation plan for executive directors and executive officers, and we monitor these on an ongoing basis.

2. Strategy

(a) Surrounding Business Environment and the Group's Management Strategy

The business environment surrounding the Group has become significantly more uncertain, with economic uncertainty from rising geopolitical tensions and inflation, the worsening of climate change issues, labor shortages, and discontinuous changes in industrial structure driven by digital technologies such as AI.

In such an environment, the Group has set the pursuit of becoming "No. 1 in Each Field" as the theme of Medium-Term Management Plan 2026. By advancing "Growth leveraged by strengths" and "Strengthen driving force for growth", and by promoting "Business portfolio transformation", we aim to achieve significant growth through addressing key social issues.

(b) Human Capital Strategy

Human capital is the greatest driving force in executing the management strategy of becoming "No. 1 in Each Field." The Group has established the Global HR Management Policy and is advancing human capital management toward the realization of our management strategy.

Rather than the Company unilaterally managing the individual, this policy aims to build a relationship in which the individual and the organization choose each other and grow together, and it sets forth the following two aspirational visions. Toward this realization, we pursue remuneration systems that reward job responsibilities and performance regardless of attributes such as nationality, gender, or age, and we pursue the optimal talent deployment on a global basis.

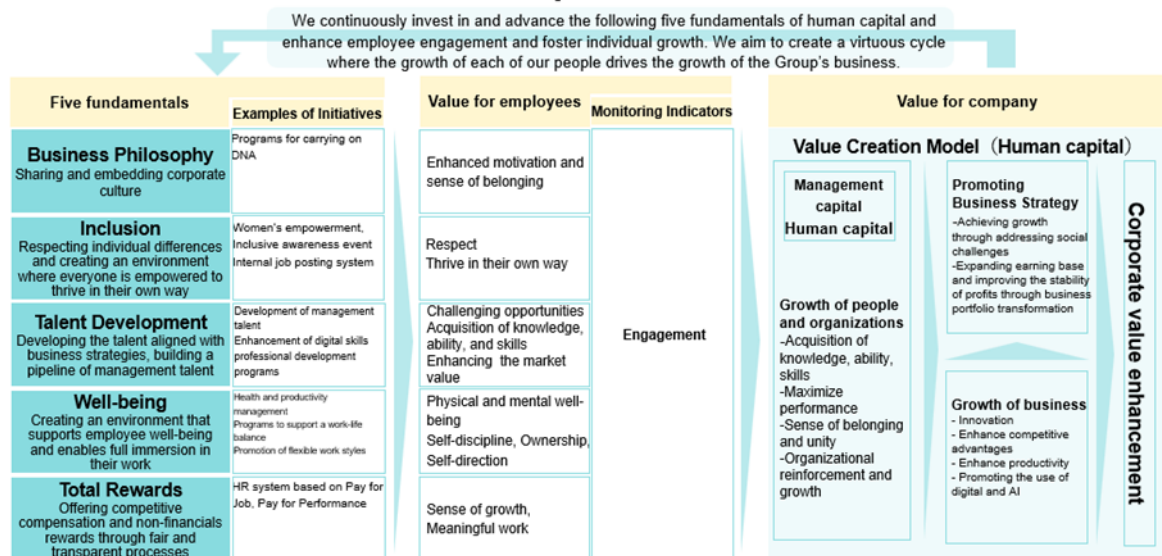
- Aspirational vision for the individual (Top Tier Professionalism): Individuals who, sharing the Group's vision and maintaining high aspirations and intrinsic motivation, create new value on a global scale.
- Aspirational vision for the organization (Great Place to Work): An organization chosen as a “field for taking on challenges” where individuals continuously and passionately create new value and that sends talent out into the world.

(c) Risks and Opportunities Related to Human Capital

The regions, industries, and business models in which the Group operates are diversifying, and the external environment is changing discontinuously and rapidly. Under these circumstances, the Group is advancing human capital management (talent capabilities) to strengthen the execution capability of our management strategy by enhancing the value of human capital. We have defined our investment areas in human capital as the five fundamentals (business philosophy, inclusion, talent development, well-being, and total rewards) and continue to invest in them. Through investment in these fundamentals, we enhance engagement and have realized a virtuous cycle in which the growth of our people drives the Group's business growth and the resulting achievements are returned to our people as new opportunities for growth.

Note: The examples of measures are the Company's initiatives. Please refer to “(d) Our Responses to Risks and Opportunities” below.

Five fundamentals of human capital



With an eye toward the Group's management strategy of becoming “No. 1 in Each Field,” we position the following three themes (i–iii) as the most important issues (risks and opportunities) common across the Group. These are inextricably linked : they are risks that, should action be delayed, will adversely affect our business, but at the same time they are opportunities that, when addressed accurately, can dramatically enhance our competitive advantage. By minimizing the risks and maximizing the opportunities, we will drive the Group's business growth and the enhancement of corporate value over the medium and long term. These three themes also connect to “Develop talent and promote DE&I,” set forth in our Material Issues, our medium- to long-term commitment that goes one step further toward helping resolve key social issues that the Group must address.

i) Securing and Development of Professional Talent

<Risk> With the rapid changes in business models (particularly the development of digital and AI technologies and the progress of GX), demand is surging for talent with advanced expertise and experience as well as the ability to respond to changes in the business environment. However, amid intensifying competition to secure talent in the labor market, should the Group's recruitment and development efforts not progress as expected and should we be unable to secure and develop the necessary

professional talent in a timely manner, there is the risk that strategy execution will stall and that the Group will face declining competitiveness and missed opportunities for new businesses.

<Opportunity> On the other hand, should we be able to secure professional talent from inside and outside the Company through stronger recruitment capabilities and cross-Group personnel exchanges, enrich the development programs for the specialized knowledge and skills required by each business, and strongly advance reskilling initiatives, such as digital and AI literacy training, this can become a major engine of growth. In particular, as each individual acquires and improves digital skills, streamlines their work, and redirects the time created into creative business conceptualization, this becomes an opportunity to create new business models and drive business transformation. In addition, through continuing to invest in talent development by means such as training and providing opportunities to take on challenges, the Group becomes an attractive place for our people to grow their abilities and acquire skills, leading to retention of talent.

ii) Succession of Management Talent and Key Positions

<Risk> The Group operates businesses globally across a wide range of industries, with on-the-ground leaders responsible for formulating and executing strategies. Particularly in Japan, should we be unable to move away from conventional placements bound by seniority and attributes and should we fail to make progress in assigning the right talent in the right positions on a global basis, there is a risk that the pipeline of next-generation and subsequent management talent driving our diverse businesses may be depleted. In that case, delays in responding to environmental changes and errors in decision-making would result, posing the risk of near-term deterioration in business performance and impeding the enhancement of corporate value over the medium and long term.

<Opportunity> In response to this challenge, should we be able to identify high-potential talent at an early stage regardless of attributes such as nationality, gender, or age, and systematically provide cross-organizational assignments or larger opportunities, we can enrich the pipeline of talent driving our diverse businesses. By running a cycle of talent reviews and other measures to steadily develop and promote talent with the necessary skills and experience, we can create the greatest opportunity to secure the organizational driving force (leadership and speed) needed to steadily execute the business portfolio transformation outlined in our Medium-Term Management Plan, including the honing of strengths and competitive advantages in growth businesses and the restructuring of businesses.

iii) Empowerment of Diverse Talent

<Risk> Increasingly complex social issues cannot be solved with the same conventional thinking or homogeneous values. Should the environment remain one in which diverse talent cannot fully demonstrate their abilities due to attributes or psychological barriers, this would lead to organizational homogenization, a decline in the quality of decision-making, the prevention of new ideas and innovation, and ultimately the risk of being left behind by market changes.

<Opportunity> The Sumitomo Corporation Group recognizes Diversity, Equity and Inclusion (DE&I) as “the core enabler for value creation, innovation, and competitiveness.” In terms of recruitment and appointments, we adhere to employment-related laws and regulations in each country and are committed to providing opportunities based on individual aptitude and ability. We do not engage in any form of unfair preference or discrimination based on personal attributes, such as race, nationality, gender, age, sexual orientation, gender identity, and gender expression. Based on this policy, we actively incorporate the various perspectives of mid-career hires, employees hired overseas who are active at our global locations, female leaders, and other talent with varied backgrounds and experience into opportunity creation and decision-making. Through this mix of knowledge and experience, we seek to facilitate more innovative discussions, improve the quality of decisions, and enhance organizational capabilities. Building an inclusive environment in which each individual can demonstrate their abilities authentically, starting from their will (motivation), is itself the greatest opportunity to create unprecedented added value and become “No.1 in Each Field.”

(d) Our Responses to Risks and Opportunities

At Sumitomo Corporation, the core company of the Group, we are taking the following actions in response to the most important

risks and opportunities (i–iii) described above. Going forward, we will extend these initiatives to overseas regional organizations, not just in Japan.

i) Securing and Development of Professional Talent

The Company's professional talent is expected to deeply empathize with Sumitomo's Business Philosophy and the Group's corporate mission, embody these principles in practice, collaborate with diverse stakeholders to address social issues, and take on the challenge of creating new value. Given that the field for such challenges spans various countries, regions, and industries, it is essential that each individual continues to grow autonomously and strives to become a professional with high market value on a global scale. Accordingly, our professional talent is required to acquire and demonstrate not only advanced specialized knowledge and skills in a specific field, but also a wide range of abilities in line with their respective responsibilities and business stages, including the ability to conceive new businesses, leadership, and the capability to drive the continuous improvement and enhancement of existing businesses (operational excellence).

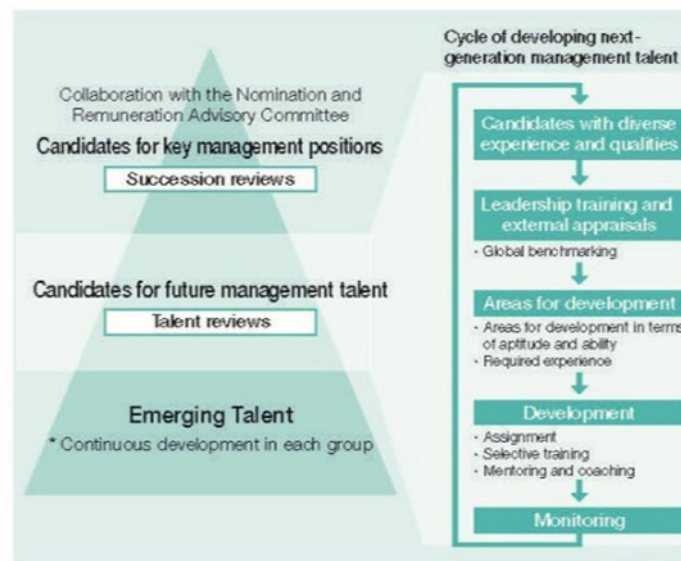
To develop such professional talent, as a foundation, we provide continuous opportunities for employees to engage with Sumitomo's Business Philosophy and the Group's Corporate Mission Statement through level-specific training programs and the Besshi Copper Mine site visit program. At the same time, we foster these principles as an embedded mindset through their application in day-to-day business operations. On this foundation, we provide talent development programs that range from basic knowledge in areas such as governance, financial accounting, and marketing, to the globally competitive expertise required in each individual's respective field. In addition, we have established an e-learning platform that encourages self-directed learning. To strengthen the execution of our digital and AI strategy, we have also conducted multilayered digital training programs, ranging from those mandatory for all employees to those specialized for the businesses of each Business Group. On top of this, with the aim of visualizing company-wide digital skills and further accelerating employees' skill development, we have introduced an internal certification system for digital skills called D-Grade in FY2026. In addition to these company-wide efforts, each Business Group conducts its talent development activities based on the specialized knowledge and skills required by each business, including training programs and hands-on experience through overseas trainee assignments and assignments to operating companies.

In addition, the Company's job grading system establishes double track formats consisting of management job groups, which are responsible for organizational management, and expert job groups, which demonstrate high levels of creativity and expertise, providing an environment in which diverse professional talent can grow by leveraging their respective strengths. Beyond acquiring talent with advanced expertise from outside through mid-career hiring, we work to systematically develop and continuously secure professional talent internally through these development measures and career paths.

ii) Succession of Management Talent and Key Positions

In addition to individual succession reviews for current key positions, we also focus on the systematic development of next-generation management talent who will drive the realization of our medium- to long-term strategy. Specifically, we conduct talent reviews by the president, Group CEOs, and heads of regional organizations. For next-generation management talent candidates, we make strategic placements such as cross-Group transfers, experience in organizations in different segments (industries), or the provision of opportunities to take on larger assignments. Together with this, we run a development cycle that includes management talent development programs, mentoring, and coaching.

In addition, to advance the development of management talent on a global basis, we have introduced the job grading system, which enables global comparison of job size, and are building a talent database.



iii) Empowerment of Diverse Talent

We promote multifaceted initiatives to enable each individual with diverse backgrounds to fully demonstrate their capabilities. First, in Japan, we have set numerical targets through FY2030 and are advancing women's empowerment. At the Company, in our personnel system we have abolished and integrated career courses at the time of hiring, removing constraints imposed by career courses and establishing a system that enables career development tailored to each individual's skills, abilities, and motivation. In addition to existing support measures that help employees balance life events and work, we have implemented enhanced initiatives to further accelerate the promotion and development of female leaders. These initiatives were developed through senior management discussions. Specifically, these include flexible case-by-case responses to assignments in line with life events such as a spouse's transfer, the formation of women's communities, and mentor programs. By removing barriers to success, we provide an environment where individuals are empowered to demonstrate their full potential and pursue continuous growth.

In addition, based on business strategies, we actively promote mid-career hiring to acquire highly specialized talent from outside the Company. The backgrounds of mid-career hires at the Company are varied, and the different perspectives derived from their respective expertise and experiences at other companies bring new insights and ideas to the organization. In addition, we are working to expand the internal job posting system. This system enables each organization to flexibly acquire talent with various skills and experience across organizational boundaries within the Company, while also providing each individual with opportunities to pursue their own careers based on their "WILL".

With an eye toward building an inclusive workplace environment, we annually hold Inclusion & Connection Weeks (I&C Weeks), an event to raise awareness of inclusion toward fostering an organizational culture in which diverse talent can demonstrate their abilities authentically.

Regarding development of the workplace environment that serves as the foundation for focusing on the most important risks and opportunities (i–iii) above, in alignment with the five fundamentals as investment areas in human capital described above (business philosophy, inclusion, talent development, well-being, and total rewards), we continue to work on the following various measures.

- Health and Productivity Management

We 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 individual employees to perform at their highest level and are the foundation for the continuous creation of new value. Under a promotion structure with the Chief Administration Officer and Chief Compliance Officer serving as the top corporate official, we work on health and productivity management with three pillars at its core: “Improvement of health literacy,” “Reassurance in emergencies,” and “Global medical support.” In addition, to realize an output-oriented work style that generates high added value, we have established systems such as the teleworking system and the super flexible work hours system with no core hours, promoting self-directed and flexible ways of working among our employees.

- Personnel System

While pursuing the concept of “Pay for Job, Pay for Performance,” we maximize organizational performance by optimally allocating the best talent with an emphasis on expertise and skills.

To achieve this kind of HR management, we have terminated the seniority-based system for managers and introduced a job grading system that determines grades according to the scope of responsibilities. In addition, we have abolished and integrated career courses at the time of hiring, and as options for career development after joining the Company, we have established double track formats for managers consisting of the expert job groups, which demonstrate high levels of creativity and expertise, and the management job groups, which are responsible for organizational management.

For self-directed career development, we have introduced 360-degree evaluation and absolute evaluation, thereby improving the fairness of evaluations while engaging sincerely with each individual and unleashing their potential. Additionally, through career assessments, we deepen mutual understanding between supervisors and subordinates regarding each individual’s career aspirations, experience, aptitudes, and development challenges through dialogue, thereby leading to optimal talent placement and supporting career development.

3. Risk Management

We continuously identify and manage risks related to human capital under a governance structure. For details, please refer to “(1) Overall Picture of Sustainability Management, 1. Governance, (a) Supervision of Sustainability Management.” The Board of Directors supervises and monitors key human capital matters, including the metrics and targets described below under “4. Metrics and Targets.” Human capital strategy and other policies directly linked to management strategy are deliberated by the Management Council and its advisory bodies, the Corporate Sustainability Committee and the Global HR Committee, and are then reported regularly to the Board of Directors. For details, please refer to “1. Governance” above.

4. Metrics and Targets

The effects of each initiative are monitored through employee engagement, while progress in addressing the most important risks and opportunities (i–iii) is monitored using respective metrics .

<Employee Engagement>

Metrics*1	Results		Targets	Scope of aggregation
	FY2024	FY2025		
Employee engagement	70%	71%	Maintain or improve year-on-year levels	Non-consolidated + domestic and overseas regional organizations
Employee enablement	71%	72%		

<Monitoring Metrics>

Our Responses to Risks and Opportunities	Metrics	Results		Targets	Scope of aggregation
		FY2024	FY2025		
i) Securing and Development of Professional Talent	Number of employees in the expert job groups (at or above a certain grade)	100	90	—	Non-consolidated
ii) Succession of Management Talent and Key Positions	Rate of strategic reassignment of next-generation management talent*2	—*3	24.5%	Conduct strategic reassignment within 3 years for eligible persons	Non-consolidated
	Total number of participants in the management talent development program	—*3	23	Maintain or increase the number of participants	Non-consolidated
iii) Empowerment of Diverse Talent	Women’s empowerment*4			Targets to be achieved by FY2030:	Non-consolidated
	Female manager ratio	10.4%	11.3%	20% or more	
	Female Department General Manager ratio	2.6%	2.6%	10% or more	
	Female Director ratio*5	18.8%	20.0%	30% or more*6	Non-consolidated
	Ratio of mid-career hires among all managers*7	13.7%	14.6%	Maintain or increase year-on-year levels	
	Number of placements made under the internal job posting system	38	35	—	Non-consolidated

*1 An employee engagement survey is conducted once a year on a global basis including the Company’s domestic and overseas regional organizations. This survey assesses two key areas: (1) employees’ level of commitment to the organization and their willingness to take initiative in their work, and (2) whether their work environment enables them to maximize their performance. The results of the survey are shared with employees, and at each workplace, through the analysis of results and related discussions, and through the formulation and implementation of action plans based on these results, we promote continuous improvement.

*2 This indicates the percentage of eligible persons for whom strategic reassignments were conducted, such as cross-Group transfers, experience in organizations in different segments (industries), or the provision of opportunities to take on larger assignments.

*3 Because the program was launched in FY2025, there are no FY2024 results.

*4 As of April 1 of the year following the fiscal year are listed. Initiatives for women’s empowerment, please refer to “(4) Human Capital-Related Disclosures, 2. Strategy, (d) Our Responses to Risks and Opportunities.”

*5 Following the resolution of the 157th Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned from a “Company with an Audit & Supervisory Board” to a “Company with an Audit & Supervisory Committee”. Pre-transition FY2024 results cover directors and Audit & Supervisory Board members, while with the transition, FY2025 results cover directors (including directors who are members of the Audit and Supervisory Committee).

*6 This numerical target is based on the Company’s support for “Challenge Initiatives for 30% of Executives to be Women by 2030” announced by KEIDANREN (Japan Business Federation) in 2021.

*7 As of April 1 of the year following the fiscal year are listed.

(5) Governance-Related Disclosures

Compliance with Laws and Regulations

The Group is subject to a broad range of laws and regulations as it engages in a wide variety of business activities both in Japan and overseas, and sets forth compliance with laws and regulations in the Sumitomo Corporation Group's Corporate Mission Statement.

To ensure thorough compliance with these laws and regulations, we appoint a Chief Compliance Officer, who has ultimate responsibility for compliance. The Chief Compliance Officer receives advice from the Compliance Committee on the planning, formulation, and implementation of appropriate compliance measures, and implements them. In addition, to clarify and adopt the basic policy on compliance throughout the entire Group, we have developed and adopted the Sumitomo Corporation Group Compliance Policy described below, setting out the important matters that should especially be observed from a compliance perspective, and have also created the Compliance Manual, which comprehensively explains the details of, and key points regarding, the Sumitomo Corporation Group Compliance Policy as well as the related internal rules and reference materials, and have distributed it to all officers and employees. Through ongoing awareness-raising activities such as seminars, we work to foster awareness of "Giving First Priority to Compliance" across the entire Group and ensure that "Immediate Report" is thoroughly practiced, which means that when compliance issues arise, officers and employees immediately report the situation to their superiors and the relevant departments and take the best possible measures.

Basic Policy

- Officers and employees of Sumitomo Corporation and Group companies understand this Group Compliance Policy and put it into practice while performing our daily work. When in doubt about compliance while performing our work, we refer to this Group Compliance Policy.
- Officers and employees of Sumitomo Corporation and Group companies comply with all laws, regulations, and government orders applicable to our business while maintaining the highest ethical standards.
- Officers and employees of Sumitomo Corporation and Group companies make an “Immediate Report” when we become aware of a compliance issue, no matter how minor the issue. We must also cooperate in good faith with any investigations or audits that the Company or Group may conduct regarding the issue.

Group Compliance Guidelines

- (1) Fair Competition
We must promote fair competition through our business activities while always complying with the laws and regulations relating to anti-trust and fair competition.
- (2) International Trade Regulations including Security Trade Control
We must comply with all applicable laws and regulations as well as international treaties with respect to import and export control, security trade control and customs.
- (3) Laws Relating to Your Business
We must always study, fully understand and comply with the laws and regulations relating to our business.
- (4) Accuracy of Company Books and Records; Tax Compliance
We must maintain true and accurate books and records in a timely manner and properly retain all related documents. We must pay taxes and fulfill our tax reporting obligations in compliance with the applicable laws and regulations and the Sumitomo Corporation Group Tax Principles.
- (5) Anti-Bribery and Anti-Corruption
We must always stay committed to undertaking strict measures to prevent bribery, improper provision of benefits and other forms of corruption. We must never commit bribery or conduct any activity which may raise the suspicion of bribing a government or other public official of any country, municipality or region. We must not offer, provide, or promise to provide cash or cash equivalents, gifts, entertainment or anything of value to public officials for the purpose of improperly obtaining or retaining business. In the event that you receive a request from a public official for such an act, you must reject the request and the company will contact the relevant authorities as the situation demands. We must comply with domestic and foreign laws and regulations concerning anti-bribery and anti-corruption applicable to our business activities.
- (6) Intellectual Property Rights
We must protect the intellectual property (“IP”) rights of the Sumitomo Corporation Group and we must also respect the IP rights of others.
- (7) Information Management
We must properly manage the confidential information of the Sumitomo Corporation Group as well as the confidential information received from our business partners to prevent any unauthorized disclosure or use of such confidential information.
- (8) Environmental Protection
We must comply with the Sumitomo Corporation Group Environmental Policy and place great importance on protecting the global environment, while striving to achieve sustainable development through sound business activities.
- (9) Insider Trading
We must not engage in any conduct which violates, or which may have the appearance of violating, the laws and regulations on insider trading.
- (10) Respect for Human Rights and Prevention of Discrimination and Harassment
We must respect the human rights of others and not tolerate any discrimination or harassment.
- (11) Conflicts of Interest
We must always act in the best interest of the Sumitomo Corporation Group. We must never use company assets or our positions at our company to pursue our own or a third party’s interests at the expense of the Group’s interests.

1. Governance

(a) Supervision

Based on the division of authority within the Group clearly stipulated in the Board of Directors Regulations and other rules, the Board of Directors determines important management matters related to compliance with laws and regulations and supervises the decision-making and business execution by the Management Council and executive officers. For decision-making on important management matters related to compliance with laws and regulations, the Board of Directors deliberates on and determines matters submitted to it after review by the Management Council and its advisory bodies, including the Compliance Committee. For details, please refer to “(1) Overall Picture of Sustainability Management, 1. Governance, (a) Supervision of Sustainability Management.”

(b) Business Execution

Within the Group, the Management Council and executive officers are responsible for decision-making and business execution of important management matters related to compliance with laws and regulations. The Management Council makes comprehensive decisions after consulting with the Compliance Committee and other committees in order to assess and manage diverse risks and opportunities related to compliance with laws and regulations and make effective decisions. For details, please refer to “(1) Overall Picture of Sustainability Management, 1 . Governance, (b) Execution of Sustainability Management.”

Aiming for more agile responses to compliance issues which arise in the Group, we appoint a Chief Compliance Officer, who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans and formulates compliance measures, is chaired by the Chief Compliance Officer, and includes not only the Heads of the Departments in the Corporate Groups but also the General Managers of Strategic Business Unit of the Business Groups, enabling it to examine such measures in a multifaceted way that reflect our actual business operations.

2. Strategy

(a) Importance of Compliance with Laws and Regulations in Sustainability Management

The laws and regulations to which the Group is subject span fields including business and investment authorizations, import and export activities (including national security regulations), antitrust/fair competition, anti-bribery and anti-corruption, foreign exchange control, financial instrument transactions, personal information and data protection, human rights protection, environmental protection, consumer protection, tariffs and other taxes. Depending on the country, the Group may become newly subject to additional related laws and regulations or those that may be enacted in the future. There is also the possibility of the absence of laws and regulations, unforeseen changes to laws and regulations, and changes in regulatory practices by judicial and administrative agencies, particularly in emerging countries.

In advancing sustainability management, we recognize that responding accurately and swiftly to such laws and regulations contributes positively to our business development, business performance, financial standing, and credit, and we support the smooth realization of our management strategy through such responses. On the other hand, the burden on the Company for legal compliance may increase further in the future. Should officers or employees of the Company or the Group fail to comply with current or future laws and regulations, the Company or the Group may be subject to fines or other penalties, and our business activities may be restricted or our credit may decline, which could have a seriously adverse impact on our business development, business performance, financial standing, and credit.

The Group operates businesses across multiple countries and diverse business fields and has a business structure characterized by extensive interactions with a wide range of counterparties. In particular, with respect to (1) anti-bribery and anti-corruption, (2) laws concerning antitrust/fair competition, (3) the prevention of insider trading, and (4) security trade control, the occurrence of violations in these areas may not only result in direct financial losses such as fines and penalties, but may also lead to restrictions on business continuity, deterioration of trust from business partners and investors, and adverse assessments in the capital markets. As such developments could have a significant impact on medium- to long-term corporate value and may directly affect the foundation of the Group's business, we recognize the occurrence of such violations as particularly important legal and compliance risks in the course of its business operations. Accordingly, we place priority on managing these risks.

(b) Fostering of Compliance Awareness and Understanding

We have prepared the Compliance Manual, which explains particularly important issues from a compliance perspective, including compliance with laws concerning antitrust/fair competition, security trade control, and anti-bribery and anti-corruption, and which consolidates the related internal rules and reference materials, and have distributed it to all officers and employees of the Company. In addition, we conduct regular education programs for each class of employees both in Japan and overseas, such as new comers, newly-appointed managers, and newly appointed organizational leaders, as well as e-learning programs every year dedicated to

specific themes according to the current situation for all officers and employees of the Company (including secondees and overseas workers), in order to further enhance understanding and promote dissemination of the “Sumitomo Corporation Group Compliance Policy” and the “Compliance Manual.” Furthermore, by obtaining written pledges ensuring thorough compliance from all officers and employees of the Company once a year, we periodically reaffirm our Group’s Activity Guidelines that state “To comply with laws and regulations while maintaining the highest ethical standards.” In addition to these regular activities, for risk areas of particular importance in the course of the Company’s business activities, including anti-bribery and anti-corruption, compliance with the SME Transactions Act and laws concerning antitrust/fair competition, security trade control, and prevention of insider trading, we repeatedly conduct theme-specific training sessions and seminars to enhance officers’ and employees’ understanding and embed it in practice. In each Business Groups, Domestic Offices, and Overseas Regions, we provide relevant compliance training sessions, under the leadership of compliance leaders, depending on the characteristics of the Group or Region, thus engaging in providing attentive education program initiatives. We also implement a variety of support measures to reinforce compliance systems at Group companies, including deployment of e-learning content on the Sumitomo Corporation Group Compliance Policy.

In FY2025, the Company and its Overseas Regions conducted compliance-related training at least 169 times, with approximately 22,980 participants. In addition, numerous compliance training sessions are also conducted at each Business Group and at each Group company.

(c) Initiatives in Priority Areas

i) Anti-Bribery and Anti-Corruption

Based on the principle of “Giving First Priority to Compliance” and as stipulated in the Sumitomo Corporation Group Compliance Policy, the Group implements strict measures to prevent all forms of corruption. Specifically, we have established the Rules for Prevention of Bribery of Public Officials, which regulate the provision of entertainment, gifts, engaging service providers, invitations, donations with respect to domestic and foreign public officials, and conduct required internal reviews. In addition, taking into account revisions to the laws and regulations of each country, advice from external specialists, and changes in social circumstances and other factors, we continuously review and improve internal rules, guidelines, and manuals. Further, we extend these rules and manuals to Overseas Regions and Group companies and encourage them to establish and implement systems appropriate for the bribery risk level of each company, and we also offer ongoing employee education, such as internal seminars, and work constantly to prevent bribery and corruption in Japan and overseas.

The Group’s principles and policies in this regard are summarized in the Sumitomo Corporation Group Anti-Corruption Policy (enacted and announced in 2017). For details, please refer to the Sumitomo Corporation Group Anti-Corruption Policy on the sustainability page in our website.

ii) Compliance with Laws concerning Antitrust/Fair Competition

We stipulate in our Group Compliance Policy that we shall engage in “fair competition” and work to ensure compliance with laws concerning antitrust/fair competition. In addition, the Compliance Manual, which is distributed to all employees, explains the background of laws concerning antitrust/fair competition, specific examples of prohibited conduct, and penalties in the event of violations, thereby establishing the principle of fair competition. Furthermore, the Company has developed practical manuals for employees that describe key considerations in daily business dealings, thereby promoting a thorough understanding among employees. Additionally, through regularly conducted compliance training programs organized by function and by employee level, as well as in mandatory programs for all employees, the Company provides explanations of laws concerning antitrust/fair competition compliance and key considerations as a means to promote awareness. In addition, through various forms of regular internal training (including face-to-face training conducted by external lecturers, e-learning, and video-based training), organized by themes such as horizontal restraints, vertical restraints, mergers, and considerations in the management of Group companies, the Company strives to ensure thorough compliance with laws concerning antitrust/fair competition in Japan and overseas.

iii) Prevention of Insider Trading

To prevent violations of insider trading regulations related to our business activities as well as personal dealings by our officers and employees, we have established the Rules for Prevention of Insider Trading and the Project Management Guidelines and have put in place internal checking systems. To ensure thorough compliance with insider trading regulations and internal rules, we also provide, on a regular basis, internal training courses and other activities to raise awareness.

iv) Security Trade Control

To take every precaution in security trade control so that weapons or products and technology for civilian use that could be converted to military use do not fall into the hands of states or non-state actors (terrorists) developing weapons of mass destruction, we have established and operate the Security Trade Control Rules. We also maintain various manuals and guidelines for compliance with related laws and regulations affecting public order and safety, including tariff-related laws and regulations, and conduct training, instruction, and monitoring as needed.

In order to comply with sanctions implemented in coordination by the international community, the Company has established internal rules in the form of “Detailed Rules for Risk Management” concerning sanctions response. These guidelines define response policies, taking into account the level of risk and the potential impact on management, and include measures such as counterparty monitoring in individual business transactions. In addition, the Company has established a cross-functional Sanctions Response Desk comprising relevant corporate group departments, thereby strengthening its management framework to ensure a consistent, company-wide approach to sanctions compliance.

v) Other Areas

We have established comprehensive policies addressing social and environmental issues, which are reflected in relevant contractual provisions based on assessed risks. For further details, please refer to the “Environmental Management,” “Supply Chain Management,” and “Respect for Human Rights” sections of the sustainability page in our website.

In addition to the matters described in i) through v) above, we undertake periodic dialogue with each Group company to identify material risks in light of their respective business activities and operating environments. For risks identified and recognized through these discussions, the Company’s responsible organization monitors developments and, where appropriate, provides guidance and support to ensure that such risks are addressed in a timely and appropriate manner.

3. Risk Management

While we address risks appropriately through the various initiatives described above, in the event that the possibility of an issue arising is identified or an issue actually arises, we have built the following structure to enable early identification of the relevant matter as well as prompt and appropriate response.

(a) Immediate Report

At Sumitomo Corporation and Group companies, our internal rules stipulate and ensure that any issues or potential issues in relation to compliance must be reported immediately to superiors, including those at the management level, or to the relevant departments of the Corporate Group (“Immediate Report”). These issues include not only violations of various laws and regulations such as laws concerning antitrust/fair competition violations and anti-bribery/corruption laws, but also workplace misconduct, falsification of accounts, and harassment. Upon occurrence of such issues, the relevant departments use their collective efforts to take prompt and optimal actions and measures on a case-by-case basis.

As an integrated trading company, the Group operates businesses across multiple countries and jurisdictions and has many points of contact with government agencies, state-owned enterprises, and business partners, and often conducts business indirectly through Group companies, joint ventures, and agents. For this reason, there is a structural risk that legal violations or situations that may give rise to such violations may remain latent as actions at the operational level or by third parties, with delayed recognition by

management or Corporate Group departments may be delayed. In light of these business characteristics, we position the “Immediate Report” as a basic principle of the Group, to serve as a mechanism that enables early detection of issues and prompt remediation.

(b) Speak-Up System

To prepare for cases in which “Immediate Report” through the usual reporting line is difficult for some reason, we maintain a “Speak-Up System” in place since November 2000, available to officers and employees who become aware of an issue to report it to the Chief Compliance Officer through internal or external points of contact.

Our Speak-Up System provides, in addition to the Chief Compliance Officer (Compliance Committee Secretariat), various points of contacts such as hotline service providers, outside lawyers, and the Audit and Supervisory Committee, and it accepts any information report made by any officer or employee of the Company and Group companies (including contract workers, dispatch workers, and secondees etc.) and any person who used to be an officer or employee within one year before the day on which the information report is made. Information reports can also be made anonymously.

We also ensure that the facts and details of the report are maintained in the strictest confidence and that the whistle-blower is not subject to disadvantageous treatment for making the report.

In addition, through various awareness measures, we continue to work on further deepening officers’ and employees’ understanding of the Speak-Up System and the details of its operation. We have widely deployed this internally through measures such as posting compliance posters, which list the points of contact, in offices, distributing to all officers and employees “Speak-Up Cards”, issuing easy-to-understand Q&As explaining the overall system and operation as well as frequently asked questions, and creating e-learning programs.

In addition to the System above, the group-based Speak-Up System, so-called the “SC Global Speak-Up System”, which enables officers and employees of each Group companies both in Japan and overseas to report compliance-related issues, has been established and operated. Furthermore, each Overseas Regions and Group company also maintains its own individual points of contact.

With respect to each report received through the Speak-Up System, the SC Global Speak-Up System, the Overseas Regions, and the Group companies, we settle each case appropriately after fact-finding investigations under the direction and instruction of the Chief Compliance Officer. In addition, we obtain advice from multiple external attorneys when responding to individual cases, and we also undertake periodic reviews to validate the proper operation of the Speak-Up System.

In FY2025, our Compliance Committee received 49 Speak-Up reports, remaining largely unchanged from the previous fiscal year (reference: the number received in FY2024 was 50). In addition, the Speak-Up System is also being utilized at each Overseas Regions and each Group company.

The number of Speak-Up reports here does not include reports submitted through “Immediate Report”. As described above, the Group ensures thorough adoption of “Immediate Report”, and it is actively used in practice. We assess that both systems, “Immediate Report” and “Speak-Up System”, are being operated appropriately in accordance with the relevant circumstances.

(c) Responses to Compliance Violations and Recurrence Preventive Measures

In the event of a compliance problem, the Company promptly takes steps to investigate the concern, primarily through the Legal Department with the aid of external specialists when necessary, and in cooperation with relevant departments in and outside of Japan, to establish the facts and clarify the causes of the incident. Based on the outcome of each investigation, we take corrective measures, disciplinary action, and recurrence preventive measures.

The Compliance Committee Secretariat keeps annual records of the details of the circumstances of compliance violations in the Group and the Secretariat analyzes, evaluates, and uses them to plan future compliance measures. The results and details are

deliberated at meetings of the Compliance Committee and then reported to and discussed by the Management Council, the Audit and Supervisory Committee, and the Board of Directors. Thus, through this process of repeatedly improving and enhancing such measures while using the PDCA cycle, we strive to increase awareness of and ensure compliance throughout the Group.

Information Security

1. Governance

To respond appropriately to risks related to information security, we have built a management structure centered on the IT Strategy Committee, which is chaired by the chief information officer. The IT Strategy Committee considers the development and revision of internal rules and systems related to information security as well as individual information security measures. Important matters considered by this committee are submitted to the Management Council for decision-making and supervision. The implementation status of information security measures and the status of information security incidents are reported annually by the IT Strategy Committee to the Management Council and the Board of Directors. For details, please refer to “(1) Overall Picture of Sustainability Management, 1. Governance, (a) Supervision of Sustainability Management.”

In addition, as information security measures at major subsidiaries, we are continuously working on improvement and monitoring through the Group’s internal control framework with respect to such matters as the development of rules on information assets, the implementation of employee education, and the establishment of a structure for crisis management response and recovery planning.

2. Strategy

Cyberattacks are becoming more sophisticated and advanced year by year, and at the Company as well, unexpected external cyberattacks, unauthorized access, virus or malware infections, and information system malfunctions may occur. Should such events occur, they could have a seriously adverse impact on the Company’s business activities and business performance through the leakage, loss, or damage of information and through the temporary suspension of business activities.

In addition, because much of the Company’s business activities depend on the functioning of information systems, we recognize that ensuring the safety and stable operation of information systems is one of our important management issues. We also recognize that strengthening information security measures contributes not only to reducing risks related to cyberattacks but also to enhancing trust from customers and business partners, ensuring business continuity, and maintaining and enhancing competitiveness.

We have put in place related rules, including the Information Security Policy enacted in October 2017, and are continuously conducting awareness-raising activities for officers and employees, working to ensure information security and the appropriate management of information assets. With respect to personal information, we have established the Privacy Policy and have put in place related rules and organizational structure to ensure appropriate protection and management.

We implement technical measures against cyberattacks and unauthorized access and work to ensure safety in the operation of information systems. We have also put in place a response structure in the event an incident occurs. In addition, by coordinating with outside expert organizations to obtain information on the latest threat trends, we are working to maintain and strengthen a structure that enables appropriate and prompt responses.

Information security-related risks and opportunities that can reasonably be expected to affect the Group’s prospects are as follows.

Businesses	Details	Time horizons*		
		Short-term	Medium-term	Long-term
IT services business	Risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access	●	●	●
	Risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure	●	●	●
	Opportunity for revenue increases through the provision of products and services for strengthening data security	●	●	●
Defense and aerospace business	Risk of reputational damage and revenue decreases associated with deficiencies in the information management structure	●	●	●

* Time horizons: Short-term (2026), Medium-term (2035), Long-term (2050)

We analyze these risks and opportunities as follows. For the financial impact related to these, because it is difficult to estimate quantitative information that is reasonable and supportable, we provide qualitative information.

• **IT Services Business**

Overview	In the IT services business, we recognize the risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access; the risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure; and the opportunity for revenue increases through the provision of products and services for strengthening data security.
Details of risks and opportunities	■ Risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access We recognize the risk of claims for damages and performance decline due to the loss of trust, leakage of customer information or server outages caused by viruses or unauthorized access occur at the Company, the Group, or in the services provided by the Company or the Group. Time horizon: Short-term, medium-term, and long-term ■ Risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure We recognize the risk of claims for damages and performance decline due to the loss of trust caused by deficiencies in the information management structure at the Company, the Group, or in the services provided by the Company or the Group. Time horizon: Short-term, medium-term, and long-term ■ Opportunity for revenue increases through the provision of products and services for strengthening data security At the Company and the Group, we recognize the opportunity for revenue increases due to growing demand associated with the intensifying threat of cyberattacks. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	■ Risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access At present, no material financial impact is anticipated in the current or next fiscal year. ■ Risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure At present, no material financial impact is anticipated in the current or next fiscal year. ■ Opportunity for revenue increases through the provision of products and services for strengthening data security While we recognize revenue increases in the current fiscal year due to growing demand for security products, no material impact on the carrying amounts of assets and liabilities is expected in the next fiscal year.
Strategies and mitigation measures	■ Risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access The group companies that engage in the IT service business have obtained certification under the information security management standard (ISO 27001) and implement measures to strengthen information security, including developing a structure to respond when cyberattacks are detected and conducting information security audits, and have also taken out dedicated insurance. We also request our business partners to ensure information security and robust information management. In light of the growing risk of cyberattacks and information leakage in society, we will work on further strengthening security measures going forward. ■ Risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure We implement measures to strengthen information security, including fostering compliance awareness among officers and employees and conducting information security audits, and have also taken out dedicated insurance. We also request our business partners to ensure information security and robust information management. In light of the growing risk of information leakage, we will also work on strengthening the management of customer information acquisition, enhancing compliance awareness among officers and employees through training, and tightening responses when rules are violated.

	■ Opportunity for revenue increases through the provision of products and services for strengthening data security We are working on capturing the steady demand for security products, establishing a company dedicated to cybersecurity measures, and shifting personnel into the security area. Going forward, we will work on acquiring leading-edge technologies and providing solutions.
Expected financial impact	■ Risk of compensation costs, reputational damage, and revenue decreases associated with leakage of customer information and server outages caused by viruses or unauthorized access We recognize the risk of revenue decreases. ■ Risk of compensation costs, reputational damage, and revenue decreases associated with deficiencies in the information management structure We recognize the risk of revenue decreases. ■ Opportunity for revenue increases through the provision of products and services for strengthening data security We anticipate revenue increases associated with growing demand for security products.

• Defense and Aerospace Business

Overview	In the defense and aerospace business, we recognize the risk of reputational damage and revenue decreases associated with deficiencies in the information management structure.
Risk details	We recognize the risk of lower evaluations from business partners and increased recovery-related costs in the event of an incident at the Company. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We are implementing technical and physical security measures for information management and working to meet the security standards required by the industry. Going forward, we will work on strengthening and advancing information security measures.
Expected financial impact	We recognize the risk of revenue decreases associated with lower evaluations from business partners.

■ Resilience

For each of the information security-related risks identified above that could affect the Group's prospects, we are already implementing strategies and mitigation measures, and we continue to formulate plans for further strategies and mitigation measures. Through the implementation of strategies and mitigation measures, we assess that the Group has resilience in terms of business continuity.

3. Risk Management

In preparation for unforeseen situations related to information security, such as cyberattacks and unauthorized access aimed at the theft or destruction of the Company's information, we conduct continuous education, awareness-raising, and training for officers and employees in addition to technical measures on systems that accommodate the diversification of information system usage environments, including teleworking environments. In parallel, we confirm and develop the information security management structure, including at major subsidiaries, and work on minimizing information security risks by coordinating with external specialized organizations. For details, please refer to "(1) Overall Picture of Sustainability Management, 3. Risk Management, (b) Sustainability-Related Risk Management for Individual Businesses."

In addition, we have assigned information managers to each organization and ensure information security by classifying the information assets we hold according to their importance, establishing handling methods and procedures, and thoroughly ensuring appropriate management based on these measures.

Business Continuity Plan (BCP)

The Group recognizes the risk that the continuation of business activities may be disrupted by natural disasters, infectious diseases, cyberattacks, and other events as one of its important sustainability risks.

1. Governance

The Group's governance of business continuity plans (BCPs) is incorporated into the overall governance of sustainability management and is operated under that framework. For details, please refer to "(1) Overall Picture of Sustainability Management, 1. Governance, (a) Supervision of Sustainability Management."

Under this Group-wide governance framework, we not only formulate BCPs at each organization of the Group based on industry type, business format, and regional characteristics, but also conduct ongoing initiatives as business continuity management (BCM) to ensure their effectiveness and embed them in the organization.

As part of BCM initiatives, we conduct BCP self-check at each organization and periodically ascertain the status of BCP development and exercise. The Disaster Response & Safety Management Department, which is the department in charge, compiles the results of the self-check, reports them to the Management Council, shares them with each organization, and conducts follow-up as necessary.

In parallel, with respect to Group companies, we utilize the BCP self-check results in dialogue with the Company to confirm the status of responses and share issues.

We have put in place a structure under which the Disaster Response & Safety Management Department is involved in responses in the event of a crisis and consolidates Group-wide information and reports to management with respect to events requiring immediate information sharing and management decisions, including natural disasters, accidents, and infectious diseases in Japan and overseas. In the event of a large-scale natural disaster, we establish a Crisis Management Team by appointing the head of the Human Resources, General Affairs & Legal Group as head of the team and work to ensure the safety of employees and the early recovery of business.

2. Strategy

The Group positions BCPs as one of its important management foundations in order to minimize the impacts of operational disruptions, missed opportunities, and reputational damage caused by earthquakes, floods, infectious diseases, cyberattacks, and other events, and to ensure business continuity and medium- to long-term resilience.

(a) Initiatives to Enhance the Effectiveness of BCPs

To enhance the effectiveness of BCPs, we are advancing BCP reviews and disaster-response exercises at least once a year at each organization and location in Japan and overseas. At the Tokyo Head Office, through Crisis Management Team exercises simulating a major earthquake directly beneath the Tokyo metropolitan area and coordination exercises simulating a Nankai Trough earthquake, we are strengthening response capabilities under the fundamental policy of ensuring employee safety, mutual support, and the early recovery of business.

These initiatives are linked with BCP self-check, and through continuous improvement via the PDCA cycle, we are working to enhance Group-wide resilience.

(b) Important Risks and Opportunities Related to BCPs

In light of the circumstances surrounding natural disasters that are highly likely to occur in the future, we are implementing focused management and improvement measures in high-risk areas.

The main BCP-related risks and opportunities that could reasonably be expected to affect the Group's prospects are as follows.

Businesses	Details	Time horizons*		
		Short-term	Medium-term	Long-term
Offshore oil and gas production facility chartering business	Risk of operational disruption associated with inadequate BCP preparation for natural disasters and cyberattacks	●	●	●
Chemicals business	Risk of operational disruption associated with inadequate BCP preparation for natural disasters and cyberattacks	●	●	●
Coal-fired power generation business	Risk of increased response costs associated with natural disasters and cyberattacks	●	●	●
Real estate business	Risk of increased response costs associated with natural disasters		●	●

* Time horizons: Short-term (2026), Medium-term (2035), Long-term (2050)

We analyze these risks and opportunities as follows. For the financial impact related to these, because it is difficult to estimate quantitative information that is reasonable and supportable, we provide qualitative information.

• **Offshore Oil and Gas Production Facility Chartering Business**

Overview	In the offshore oil and gas production facility chartering business, we recognize the risk of operational disruption associated with inadequate BCP preparation for natural disasters and cyberattacks.
Risk details	We recognize the risk of revenue decreases associated with lower operating rates caused by the interruption of floating production storage and offloading (FPSO)* operations when cyberattacks or natural disasters (for example, typhoons or earthquakes) occur in oil and gas production activities at the FPSO facility held and operated jointly with our partner companies. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	Together with the FPSO crew and business stakeholders, we have introduced an Emergency Response Action Plan (a contingency plan specifying who does what and in what order when an accident, disaster, or unusual event occurs) and have formulated action plans in advance for emergencies. We will continue to implement this plan going forward.
Expected financial impact	Response measures are being implemented as described above and no additional expenditures are anticipated; however, we recognize the risk of decreased FPSO operating rates and revenue.

* A facility for offshore oil and gas production

• **Chemicals Business**

Overview	In the chemicals business, we recognize the risk of operational disruption associated with inadequate BCP preparation for natural disasters and cyberattacks.
Risk details	In some chemicals businesses that store and handle hazardous materials such as sulfuric acid at the Company's terminals, crisis events such as natural disasters and cyberattacks may cause damage to equipment or impairment of the maintenance structure. In such cases, we recognize the risk of hazardous material leakage, leading to increased damage costs and operational disruptions due to restrictions on environmental permits or permits from health authorities. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We are implementing the necessary capital investments and ensuring safety through sufficient maintenance, and are thoroughly conducting periodic inspections and providing education to employees and external contractors. Going forward, we plan investments in systemization aimed at reducing manual work (such as the introduction of safety management systems).
Expected financial impact	Should crisis events such as natural disasters or cyberattacks occur, we may be forced to undergo operational disruptions or restrictions on operations and make shipment adjustments at the Company's terminals, and we recognize the risk of temporary decreases in shipment volumes and revenue.

• **Coal-Fired Power Generation Business**

Overview	In the coal-fired power generation business, we recognize the risk of increased response costs associated with natural disasters and cyberattacks.
Risk details	At the Company's power plants, we recognize the risk of decreased electricity sales revenue and the incurrance of recovery response costs associated with full or partial inability to generate power caused by natural disasters or cyberattacks. Time horizon: Short-term, medium-term, and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We consider disaster countermeasures from the site selection and plant design stages, and in addition to conducting periodic maintenance, we implement measures against risks such as fires and high waves. We have also taken out insurance for operational disruptions. Regarding the IT environment of the plant, the distributed control system (DCS) server, which is the core of operations, is substantially isolated from external networks, and care has been taken in the design to ensure that cyberattacks do not affect plant operations. In addition, we have built an IT security environment and conduct security-related education and training for employees.
Expected financial impact	Expenditures associated with taking out insurance for operational disruptions, expenditures related to equipment maintenance, and expenditures associated with employee education and training are being incurred; however, recovery costs in the event of natural disasters and revenue decreases due to operational disruptions are covered by insurance for operational disruptions, so the financial impact is expected to be limited.

• **Real Estate Business**

Overview	In the real estate business, we recognize the risk of increased response costs associated with natural disasters.
Risk details	In the operational phase of fixed assets held by the Company, we recognize the following as risks: as primary impacts, the incurrance of repair costs due to damage to buildings and equipment as well as a temporary decline in rental income due to tenant operational disruptions; as secondary impacts, increased operating costs due to higher fire insurance premiums. Time horizon: Medium-term and long-term
Financial impact in the current/next fiscal year	There is no material financial impact in the current or next fiscal year.
Strategies and mitigation measures	We conduct the structural calculations required at the time of new construction and obtain engineering reports at the time of acquiring existing buildings to identify risks.
Expected financial impact	In the short term, the financial impact is expected to be limited; however, over the medium and long term, we believe there is the possibility of increased insurance premiums and building damage due to a major earthquake directly beneath the Tokyo metropolitan area.

■ Resilience

For each of the BCP-related risks identified above that could reasonably be expected to affect the Group's prospects, we are already implementing strategies and mitigation measures, and we continue to formulate plans for further strategies and mitigation measures. Through the implementation of strategies and mitigation measures, we assess that the Group has resilience in terms of business continuity.

3. Risk Management

While autonomous initiatives by each organization form the basis for managing BCP-related risks, the Group manages such risks from the perspective of maintaining a certain standard across the Group as a whole by ascertaining the status of responses through BCP self-check and dialogue. For issues identified, we share them with each organization and conduct follow-up for improvement as necessary, working to enhance overall business continuity capabilities.

4. Metrics and Targets

The Group's goal is to continue critical business operations even in times of emergency and to resume business operations as early as possible through BCM initiatives.

Based on this goal, we periodically confirm the status of BCP development and exercises at each organization through self-check and other means, and advance the PDCA cycle aligned with our governance and strategy through reviews and improvements as necessary.

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.

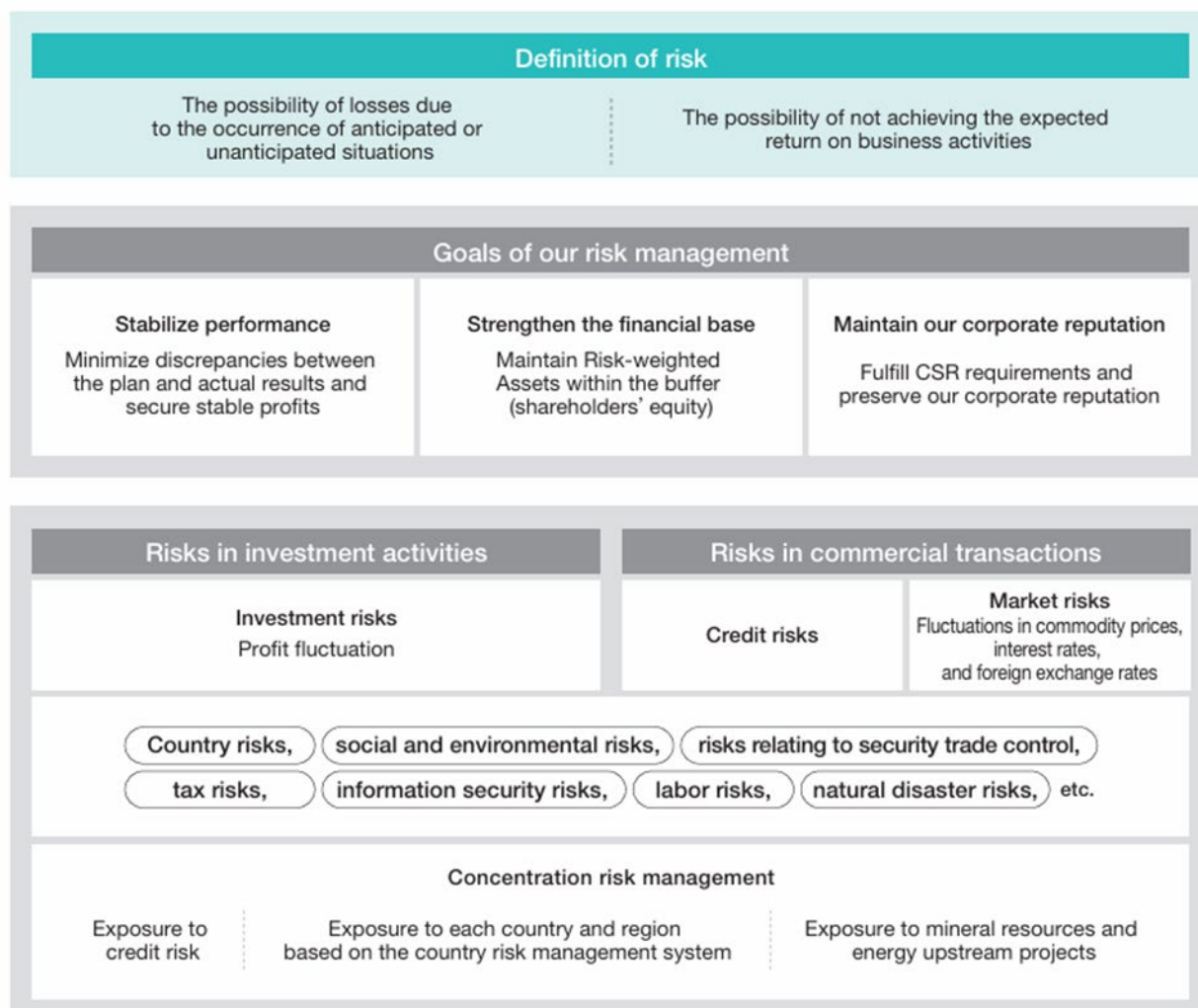
(1) Basic Risk Management Policies and Systems of the Group's business

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 the financial base
3. Maintain our 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.

Risk management system



(2) Risks pertaining to business investment

1. Overall

The Company has 327 consolidated subsidiaries and 192 equity-accounted investees as of the end of this consolidated fiscal year (*1). 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.

(*1) As of March 31, 2026, a total of 346 sub-consolidated subsidiaries and 73 equity-method investees are excluded from the count above. These include companies that are sub-consolidated and accounted for under the equity method by consolidated subsidiaries.

(a) When making new investments

The Company identifies “investment thesis” 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 selection guidelines which were established in 2021 based on a comprehensive analysis of factors which led to underperformance against plans incurred in past major investments. Decisions on investment matters at each stage of consideration and execution are made at meetings of the Company’s Management Council and its advisory body, the Company’s Investment Committee, or the Group Management Council (the investment decision-making body of each business group), 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, ESG considerations, and other conditions determining the success or failure of investments.

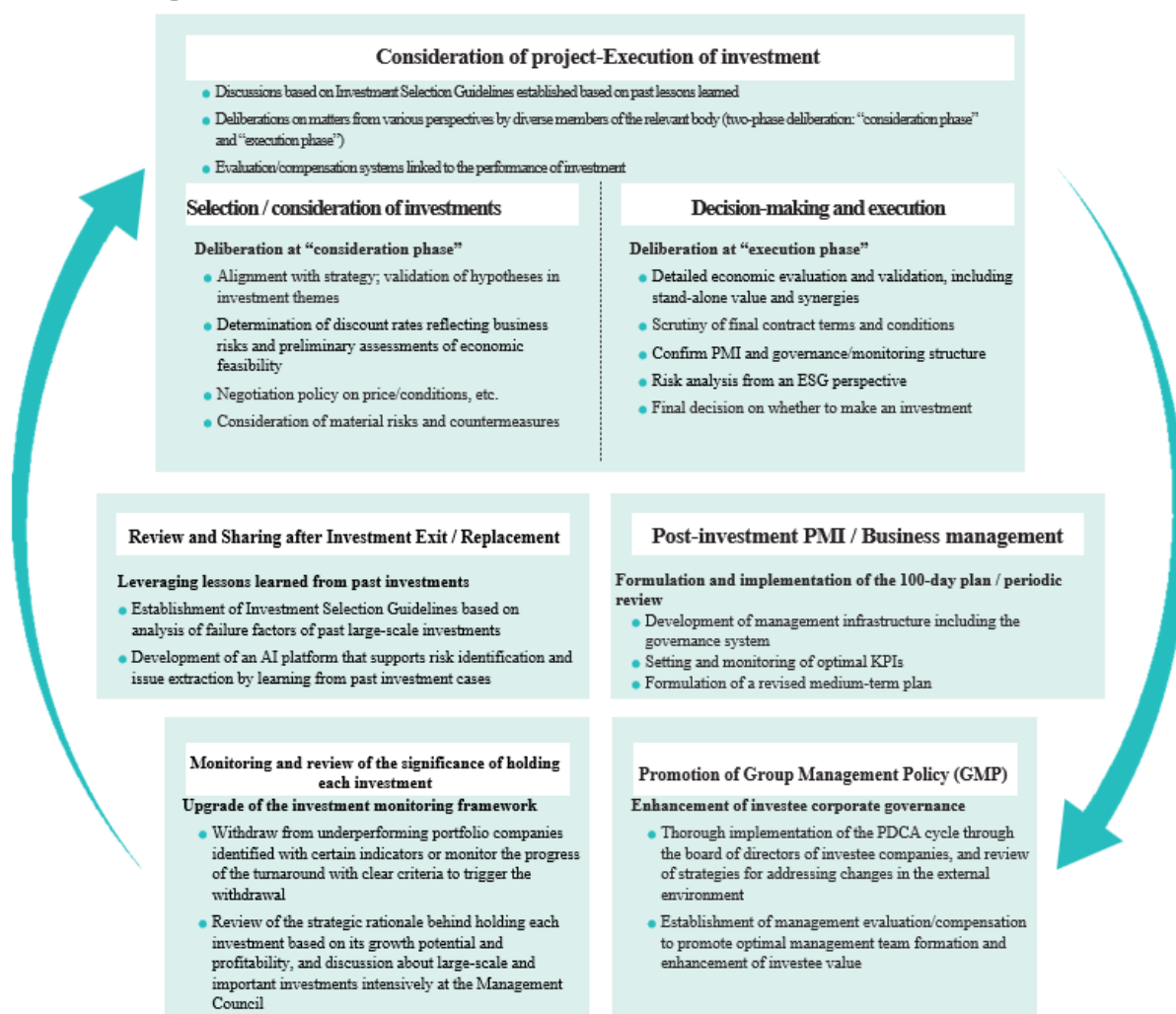
(b) After making investments

With regard to post-investment execution support, issues are clarified before the decision to invest is made, and a system has been in place to work on smoothly resolving any issues that emerge after the investment has been made. For especially important projects, the “100-day plan (*2) execution support system,” which provides integrated support functions, has been established. In addition, through the investment monitoring system, candidates for withdrawal are identified based on certain quantitative criteria, progress in new investments are monitored, and current investments are reviewed with focus on growth potential and profitability, these efforts leading to further optimization of our business portfolio. Furthermore, with the aim of enhancing group governance, we are working to improve the quality of operations at group companies by visualizing management via the setting of appropriate KAls and KPIs, forming optimal management teams, and designing compensation plans for management that facilitate the improvement of business value.

In addition, to increase the likelihood of investment success, we have developed an AI platform that supports the identification of risks and key issues based on past investment cases.

(*2) Activities performed mainly in the first 100 days immediately after the investment has been executed, in which we work with the investee’s management to draw up a medium-term plan to maximize business value, including management and financial indicators, while also building and maintaining the management infrastructure and governance system to ensure its effective implementation.

● 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.

- Increases in development costs above those anticipated in the plan, or construction delays
- Changes in reserves identified after the start of a project despite sufficient geological surveys having been conducted by hired experts prior to the project
- Decline in production volumes below planned figures or increase in production costs due to technical issues encountered during operations, etc.
- 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

(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 and 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 places the utmost importance on the safety and security of all stakeholders, including officers and employees of the Sumitomo Corporation Group, their families, and business partners, across all regions where we operate, including the Middle East. In addition, regarding business related to Russia and Ukraine, 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.

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 company, 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 cyberattacks 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 Sumitomo Corporation 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. For details, please refer to "Compliance with Laws and Regulations, (5) Governance-Related Disclosures, 2 Our Approach

and Initiatives to Sustainability.”

However, if officers or employees of the Company or the Group fail to comply with current or future laws and regulations (*3), 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.

(*3) On December 5, 2025, Sumisho Realty Management Co., Ltd. (“SRM”), a subsidiary of Sumitomo Corporation, received an administrative action in the form of a business improvement order from the Financial Services Agency. On January 16, 2026, SRM submitted to the Financial Services Agency a report summarizing the status of implementation of improvement measures (the “Business Improvement Report”). As SRM’s parent company and a major provider of properties to the REITs operated by SRM, Sumitomo Corporation takes this matter very seriously, and will monitor and supervise the implementation status of the Business Improvement Report submitted by SRM and will cooperate in establishing an appropriate governance framework. For individual property transactions, Sumitomo Corporation will further enhance its awareness of and attention to conflicts of interest with SRM and will ensure thorough risk management. Together with SRM, Sumitomo Corporation will work to restore trust so that SRM can meet investor expectations and achieve sustainable growth. Under the basic policy of “compliance as top priority,” the Sumitomo Corporation Group will continue to establish and strengthen compliance and internal control systems tailored to the business operations and organizational realities of each Group company, and will make every effort to further enhance compliance across the Group.

9. Risks relating to litigation, 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. With regard to 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. With regard to natural capital, we have set a goal of realizing a society living in harmony with nature through initiatives such as the promotion of a circular economy and the strengthening of supply chain management. In order to avoid and minimize negative impacts from our business activities, we are implementing measures to prevent pollution through appropriate management of wastewater, emissions, and waste, as well as initiatives that contribute to resource circulation. In addition, across all of our businesses, we identify businesses with high risks from the perspectives of biodiversity and water stress and confirm

the status of countermeasures, thereby working to preserve and regenerate natural capital. In addition, regarding respect for human rights, we have set a goal to ensure that human rights are respected across all of our businesses and supply chains. Based on the results of the human rights due diligence conducted across all of our businesses and supply chains, we have conducted company-wide risk mapping and identified business areas within the Group that pose high human rights risks. Each SBU and each group company will take the initiative in working to reduce and prevent human rights 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.

12. Operational risks

The Company is engaged in business across a wide range of domains through its business groups, 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, monitoring, 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, should 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 changes in taxable income estimates or tax law changes, including changes in statutory tax rates. If the 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

For details, please refer to “(c) Risks and Opportunities Related to Human Capital, B. Strategy, (4) Human Capital-Related Disclosures, 2 Our Approach and Initiatives to Sustainability” and “C. Risk Management, (4) Human Capital-Related Disclosures, 2 Our Approach

and Initiatives to Sustainability.”

(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.

To appropriately address these risks, the Company implements the following management measures:

- In order to prevent excessive concentration of risk exposure to specific countries or regions, the Company has established a country risk management framework. Countries to which the Company has significant exposure are closely monitored.
- In order to prevent excessive concentration in specific business domains and to build a well-balanced business portfolio, the Strategy Conference as well as the Investment Committee, a deliberative body for large-scale and important projects, engage in sufficient discussions regarding the allocation of invested capital to specific business groups and business lines.
- For upstream resource and energy projects, the Group regularly monitors project values.
- For business partners with significant outstanding receivables, the Group periodically gathers and manages information on the financial condition and management status of such business partners.

4. Analysis of Financial Condition and Results of Operations

(1) Economic Environment

During the current fiscal year, the global economy experienced mixed developments. While inflationary pressures continued to ease and there were periods when the economy showed signs of underlying resilience, concerns about a potential economic slowdown also emerged, driven by an expansion of trade issues surrounding reciprocal tariffs imposed by the United States and heightened geopolitical risks.

Deteriorating international conditions weighed on economic activity. The Ukraine-Russia conflict remained protracted. In the Middle East, the situation worsened following military strikes launched by the United States and Israel against Iran in February 2026, turning the Persian Gulf region into a conflict zone and resulting in significant disruptions to maritime navigation through the Strait of Hormuz, a global logistics chokepoint.

In the United States, economic resilience was maintained, supported by continued investment in AI-related sectors and the persistence of accommodative monetary policies. However, the pace of growth slowed. While prices showed signs of stabilizing, tariff-induced inflationary pressures became a concern, making the appropriate balance of monetary policy a key issue during the fiscal year. In Europe, the economy followed a moderate recovery path, underpinned by expanded fiscal spending. In China, household consumption temporarily improved as a result of policy support, but the effects gradually dissipated. In addition, intensifying market competition led to a sharp slowdown in capital investment, resulting in a significant decline in fixed asset investment. In Asian economies, exports continued to expand, driven by AI-related demand. However, the outlook for economic conditions became increasingly uncertain due to the combined downward pressures of U.S. tariff measures and intensified export competition from China, compounded by instability in oil supplies stemming from conflicts in the Middle East.

The domestic economy was characterized by a focus on wage increases exceeding the pace of price increases. As wage increases lifted expectations that the real wage growth rate, which had remained negative, would finally turn positive, household consumption showed signs of recovery alongside a restoration of purchasing power. Corporate capital investment continued to expand, particularly in sections related to AI, DX*1, and GX*2. Nevertheless, rising oil prices driven by heightened tensions in the Middle East raised concerns about renewed upward pressure on prices.

International commodity markets were highly volatile. In response to heightened tensions in the Middle East, WTI crude oil futures briefly surged to the USD 119 per barrel range, marking the highest level in approximately four years, before undergoing repeated sharp fluctuations amid strategic reserve releases in advanced economies and rising expectations for a cease-fire. Prices of non-ferrous metals had been on an upward trend reflecting elevated geopolitical risks and strong AI-related demand, with both gold and copper reaching record highs.

Foreign exchange and financial markets reflected differences in monetary policies between Japan and the United States. While the U.S. real interest rate remained positive, the Japanese real interest rate continued to be negative, resulting in a depreciation of the yen to around JPY 160 per U.S. dollar. The long-term interest rate remained in the low-2% range for the first time in approximately 30 years, against the backdrop of expectations for expanded fiscal spending, raising concerns about the impact of increasing fiscal burdens. Stock price index reached a historical high of 60,000 points at one point, supported by the AI boom and expectations for improved corporate earnings.

*1: Digital Transformation

*2: Green Transformation

(2) Operating Results

	Billions of Yen			Millions of U.S. Dollars	Remarks
	2026	2025	Increase/ (Decrease)	2026	
Revenues	7,337.3	7,292.1	+45.2	46,123	
Gross profit	1,509.7	1,444.8	+64.9	9,490	- Profit increased from Net One Systems' consolidation into SCSK - Automotive sales & marketing business: profit declined due to intensified competition in key markets
Selling, general and administrative expenses	(1,111.4)	(1,039.7)	(71.7)	(6,986)	- Cost increased from Net One Systems' consolidation into SCSK
Gain (loss) on property, plant and equipment, net (*1)	6.0	(0.2)	+6.2	38	
Other, net	(2.7)	(11.9)	+9.3	(17)	
Interest expense, net of interest income	(25.5)	(27.3)	+1.8	(160)	
Dividends	12.2	14.9	(2.8)	77	
Gain (loss) on securities and other investments, net	47.0	38.0	+9.0	295	
Share of profit (loss) of investments accounted for using the equity method	266.7	277.0	(10.3)	1,677	- Extraordinary profits in aircraft leasing business in FY2024
Profit before tax	702.0	695.6	+6.4	4,413	
Income tax expense	(51.7)	(86.6)	+34.9	(325)	- Tax effects related to loss carryforwards, etc.
Profit for the year	650.3	609.0	+41.3	4,088	
Profit for the year attributable to: Owners of the parent	600.3	561.9	+38.5	3,774	

(*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 our business based on Strategic Business Units (SBUs) as the fundamental operating units, and SBUs are structured into nine “Groups.”

Our nine business segments consist of Steel; Automotive; Transportation & Construction Systems; Diverse Urban Development; Media & Digital; Lifestyle Business; Mineral Resources; Chemical Solutions; Energy Transformation Business.

The following tables set forth our operating results by operating segments for the years ended March 31, 2026 and 2025.

Breakdown of Gross profit by operating segment

	Billions of Yen				Millions of U.S. Dollars
	2026	2025	Increase/ (Decrease)	Increase/ (Decrease) (%)	2026
Steel	174.9	188.3	(13.4)	(7.1)	1,099
Automotive	139.8	166.2	(26.4)	(15.9)	879
Transportation & Construction Systems	216.7	200.3	+16.4	8.2	1,362
Diverse Urban Development	136.3	119.6	+16.7	14.0	857
Media & Digital	217.5	164.2	+53.2	32.4	1,367
Lifestyle Business	262.6	236.2	+26.5	11.2	1,651
Mineral Resources	41.9	47.9	(6.0)	(12.5)	263
Chemical Solutions	150.5	153.9	(3.4)	(2.2)	946
Energy Transformation Business	177.0	166.0	+11.0	6.6	1,113
Segment Total	1,517.2	1,442.6	+74.7	5.2	9,537
Corporate and Eliminations	(7.6)	2.2	(9.8)	—	(47)
Total	1,509.7	1,444.8	¥ 64.9	4.5	9,490

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
	2026	2025	Increase/ (Decrease)	2026	
Steel	74.3	68.4	+5.9	467	- Tubular Products: demand declined in North America due to falling oil prices; demand decreased due to transient decrease of some projects in other regions - Steel Sheets: start of earnings contribution from monopile manufacturing business - Asset replacement profits in FY2025
Automotive	63.2	51.2	+12.0	397	- Automotive Sales & Marketing: profit declined due to intensified competition in key markets and deterioration situation in the Middle East - Gain from the sale of Midas, write-off of non-performing loans in the automotive finance business in Indonesia
Transportation & Construction Systems	88.9	101.5	(12.6)	559	- Transportation: stable in leasing business; profit increased due to vessel sales in the ship business - Construction & Mining Systems: stable in the sales and service business; construction demand recovering gradually in the construction equipment rental business - Absence of extraordinary profits in aircraft leasing business in FY2024
Diverse Urban Development	81.5	77.1	+4.5	513	- Real estate: delivery of large-scale properties, promoting asset-turnover
Media & Digital	51.2	45.2	+6.0	322	- Digital: profit increase from the consolidation of Net One Systems into SCSK and impact of the increase the equity stake in SCSK
Lifestyle Business	(3.6)	14.1	(17.7)	(23)	- Fresh produce business in Europe and the Americas: profit declined due to the weak performance and loss on sale in the melon business, which sold in the second half, while banana and pineapple business performance remained resilient, supported by cost improvement effects - Domestic supermarket business: profit increased driven by the opening and renovation of stores
Mineral Resources	82.3	91.1	(8.8)	517	- Coal business in Australia: profit declined due to a drop in coal prices and a decrease in coking coal sales volume - Iron ore mining business in South Africa: decline in prices - Copper business: profit increased due to increasing prices
Chemical Solutions	26.5	21.4	+5.1	167	- Electronics: sales increase following the steady demand in semiconductor - Agri business: continued challenging market conditions in the Brazilian market
Energy Transformation Business	102.4	96.4	+6.0	644	- Overseas IPP/TWPP business: decrease in equity earnings from power plant project in Vietnam, etc. - Extraordinary profits in EPC business
Segment Total	566.9	566.4	+0.5	3,563	
Corporate and Eliminations	33.5	(4.5)	+38.0	211	- Tax effects related to loss carryforwards, etc.
Total	600.3	561.9	+38.5	3,774	

(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, 2026. Please refer to “(2) Operating Results” and “Note 4. Segment Information to our consolidated financial statements.”

(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;
- under long-term construction contracts.

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

- services related to customized software development;
- 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;
- fees and commissions received on transactions for which we act as an agent.

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 least annually. 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 as part of our business activities. Among those investments, financial assets measured at fair value through profit or loss (“FVTPL”) are initially measured at fair value. Subsequently, they are measured at fair 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 Company recognizes 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 following are the material accounting policies that are important to our financial condition and results of operations and require

significant management judgments and estimates:

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 intangible 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 when performing impairment testing. 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 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. 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.”

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 carryforwards 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.

(7) Total Assets, Liabilities, and Equity

	Billions of Yen			Millions of U.S. Dollars	Remarks
	2026	2025	Increase/ (Decrease)	2026	
Total assets	13,638.3	11,631.2	+2,007.2	85,732	- Increase in operating assets (Mark-to-market valuation related to the precious metals leasing business among others) - Increase resulting from the depreciation of the yen - Increase in Cash and cash equivalents
Shareholders' equity (*1)	4,628.6	4,648.5	(19.9)	29,096	- Decrease resulting from additional acquisition of SCSK shares - Dividend paid, share repurchased - Increase from profit for the year - Increase resulting from the depreciation of the yen
Non-controlling interests	106.6	237.1	(130.5)	670	- Decrease resulting from additional acquisition of SCSK shares
Interest-bearing Liabilities (net) (*2)	3,147.2	2,672.5	+474.7	19,784	- Increase resulting from additional acquisition of SCSK shares
D/E Ratio (net) (*3)	0.68	0.57	+0.11pt	—	

(*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
	2026	2025	2026	
Cash flows from operating activities	813.5	612.3	5,114	- Steady cash generation by core businesses
Cash flows from investing activities	(155.9)	(461.4)	(980)	- Investment: Acquisition of domestic and overseas properties - Asset replacement: Sale of Sekal AS Sale of domestic and overseas properties Sale of T-Gaia Sale of ARGO GRAPHICS by SCSK
Free Cash Flows	657.6	150.9	4,134	
Cash flows from financing activities	(252.5)	(247.4)	(1,587)	- Additional acquisition of SCSK shares - Dividend paid, share repurchased - Additional acquisition of shares in Net One Systems by SCSK - Net increase in short-term and long-term debt

	2026	2025	2026
Cash and cash equivalents at the end of year	1,005.4	570.6	6,320

(9) Capital Resources and Liquidity

Our basic policy for fundraising activities is to maintain and enhance financial soundness, and we are committed to securing 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 the Group.

As of March 31, 2026, we have ¥4,177.1 billion of bonds and borrowings. Our short-term debt, excluding current maturities of long-term debt, was ¥489.6 billion, an increase of ¥197.1 billion from March 31, 2025. The entire amount is short-term debt, principally from banks. As of March 31, 2026, we have bonds and long-term debt of ¥3,687.5 billion, an increase of ¥725.3 billion from March 31, 2025, including current maturities of ¥462.1 billion. As of March 31, 2026, the balance of our borrowings from banks and insurance companies was ¥2,770.6 billion, an increase of ¥459.6 billion from March 31, 2025, and the balance of notes and bonds was ¥917.0 billion, an increase of ¥265.6 billion from March 31, 2025.

Most of our loans from banks are based on provisions customary in Japanese commercial practice. 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 type 13. 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, 2026, our long-term and short-term credit ratings are Baa1/P-2 (stable outlook) from Moody’s Investors Service, A-/A-2 (negative 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 in our U.S. subsidiary, Sumitomo Corporation of Americas;
- \$5,000 million Euro Medium Term Note program in us and Sumitomo Corporation Capital Europe;
- \$1,500 million Euro-denominated commercial paper program in 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, 2026, 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 lines 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;
- \$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 ¥79.0 billion multi-currency facility;
- ¥135.0 billion line of credit provided by a syndicate of Japanese regional banks.

Capital resources and liquidity

As of March 31, 2026 and 2025		Billions of Yen		Millions of U.S. Dollars
		2026	2025	2026
Short-term		¥ 489.6	¥ 292.5	\$ 3,078
	Loans, principally from banks	489.6	292.5	3,078
Long-term, including current maturities of long-term debt		3,687.5	2,962.3	23,180
	Secured long-term debt			
	Loans	252.0	250.4	1,584
	Unsecured long-term debt			
	Loans	2,518.5	2,060.5	15,832
	Bonds and notes	917.0	651.3	5,764
Interest-bearing liabilities (gross)		4,177.1	3,254.7	26,258
Cash and cash equivalents & time deposits		1,029.9	582.2	6,474
Interest-bearing liabilities (net)		3,147.2	2,672.5	19,784
Total assets		13,638.3	11,631.2	85,733
Equity attributable to owners of the parent		4,628.6	4,648.5	29,096
Equity attributable to owners of the parent ratio (%)		33.9	40.0	

Debt-Equity Ratio (gross) (times)	0.9	0.7
Debt-Equity Ratio (net) (times)	0.7	0.6

As of March 31, 2026, 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	¥ 951.7	¥ 87.4
1-2 years	438.1	75.0
2-3 years	399.0	57.6
3-4 years	439.6	43.8
4-5 years	443.1	61.9
More than 5 years	1,505.6	203.8
Total	¥ 4,177.1	¥ 529.5

	Millions of U.S. Dollars	
	Bonds and borrowings	Lease liabilities
Less than 1 years	\$ 5,983	\$ 550
1-2 years	2,754	472
2-3 years	2,508	362
3-4 years	2,763	275
4-5 years	2,785	389
More than 5 years	9,465	1,281
Total	\$ 26,258	\$ 3,329

As of March 31, 2026, we have financing commitments in connection with loans and investments in equity capital and contracts for the use of equipment of which the aggregate amount is ¥894.4 billion.

As of March 31, 2026, 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 "Note 34. Commitments and Contingent Liabilities to our consolidated financial statement." 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 ¥141.8 billion in acquisitions of property, plant and equipment and investment property and ¥248.0 billion in acquisitions of business and other investments in the year ended March 31, 2026. 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 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, 2026, we are contingently liable for guarantees (continuing through 2044) in the aggregate amount of ¥252.0 billion, including ¥129.2 billion relating to our equity-accounted investees and ¥122.9 billion to third parties. The guarantees are primarily to enhance the credit standings of our equity-accounted investees, suppliers and customers.

(11) 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, financing and investments in currencies other than the local currency. In order to mitigate foreign currency exchange rate risks, except for 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 power, 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 our customers and suppliers for strategic purposes and in the other investments held by us. As of March 31, 2026, we have fair value exposure on our marketable equity securities in the aggregate amount of ¥213.7 billion.

Risk Management Structure

Any business group 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.

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, 2026 and 2025.

	2026				2025	
	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	¥ 570	\$ 3	¥ 20	\$ 0	¥ 546	¥ 19
Subsidiaries	732	5	17	0	642	12
Total	1,302	8	37	0	1,188	31

(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, 2026 and 2025.

	2026				2025	
	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	¥ –	\$ –	¥ 43	\$ 0	¥ –	¥ 23
Subsidiaries	3,301	21	421	3	2,871	515
Total	3,301	21	464	3	2,871	538

Consolidated Statement of Financial Position
Sumitomo Corporation and Subsidiaries
As of March 31, 2026 and 2025

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
ASSETS			
Current assets:			
Cash and cash equivalents (Note 9)	¥ 1,005,442	¥ 570,617	\$ 6,320
Time deposits	24,451	11,626	154
Marketable securities (Notes 6, 9 and 25)	3,068	7,662	19
Trade and other receivables (Notes 7, 9, 11 and 25)	2,413,828	2,028,193	15,174
Contract assets (Note 25 and 26)	18,885	23,544	119
Other financial assets (Note 25)	549,998	157,864	3,457
Inventories (Notes 9 and 10)	1,782,040	1,653,842	11,202
Advance payments to suppliers	167,139	144,733	1,051
Assets classified as held for sale	9,431	4,622	59
Other current assets (Note 30)	661,392	471,429	4,158
Total current assets	6,635,674	5,074,132	41,713
Non-current assets:			
Investments accounted for using the equity method (Notes 9 and 11)	3,286,754	3,010,489	20,661
Other investments (Notes 6, 9 and 25)	478,667	437,632	3,009
Trade and other receivables (Notes 7, 9, 11 and 25)	507,499	492,508	3,190
Other financial assets (Note 25)	231,384	206,131	1,455
Property, plant and equipment (Notes 8, 9 and 12)	1,273,340	1,232,605	8,004
Intangible assets (Notes 8 and 13)	668,371	640,729	4,201
Investment property (Notes 8 and 14)	402,624	380,315	2,531
Biological assets (Note 15)	32,274	36,803	203
Deferred tax assets (Note 30)	51,818	48,246	326
Other non-current assets	69,933	71,571	440
Total non-current assets	7,002,664	6,557,029	44,020
Total assets (Note 4)	¥ 13,638,338	¥ 11,631,161	\$ 85,733

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings (Notes 16, 25 and 32)	¥ 951,667	¥ 580,054	\$ 5,982
Trade and other payables (Notes 11, 17 and 25)	2,466,420	1,822,237	15,504
Lease liabilities (Notes 8, 11 and 32)	87,410	88,880	550
Other financial liabilities (Note 25)	461,059	113,971	2,898
Income tax payables	63,005	56,033	396
Accrued expenses	169,658	149,318	1,067
Contract liabilities (Note 26)	204,937	191,147	1,288
Provisions (Note 18)	30,748	33,392	193
Liabilities associated with assets classified as held for sale	5,245	—	33
Other current liabilities (Note 25)	385,438	226,608	2,423
Total current liabilities	4,825,587	3,261,640	30,334
Non-current liabilities:			
Bonds and borrowings (Notes 16, 25 and 32)	3,225,446	2,674,690	20,276
Trade and other payables (Notes 11, 17 and 25)	62,958	52,262	396
Lease liabilities (Notes 8, 11 and 32)	442,120	440,014	2,779
Other financial liabilities (Note 25)	133,865	86,841	841
Accrued pension and retirement benefits (Note 19)	21,478	23,030	135
Provisions (Note 18)	51,935	48,051	326
Deferred tax liabilities (Note 30)	139,795	159,075	879
Total non-current liabilities	4,077,597	3,483,963	25,632
Total liabilities	8,903,184	6,745,603	55,966
Equity:			
Common stock (Note 20)	221,651	221,023	1,394
Additional paid-in capital (Note 21)	—	236,087	—
Treasury stock	(84,115)	(4,289)	(529)
Other components of equity (Note 22)	1,254,962	897,943	7,889
Retained earnings (Note 21)	3,236,057	3,297,698	20,342
Equity attributable to owners of the parent	4,628,555	4,648,462	29,096
Non-controlling interests	106,599	237,096	671
Total equity	4,735,154	4,885,558	29,767
Total liabilities and equity	¥ 13,638,338	¥ 11,631,161	\$ 85,733

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income
Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2026 and 2025

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Revenues:			
Sales of tangible products	¥ 6,508,037	¥ 6,546,879	\$ 40,910
Sales of services and others	829,222	745,205	5,213
Total revenues (Notes 4, 8, 14, 25, 26 and 29)	7,337,259	7,292,084	46,123
Cost:			
Cost of tangible products sold	(5,416,127)	(5,483,312)	(34,046)
Cost of services and others	(411,475)	(364,017)	(2,587)
Total cost (Notes 12, 13, 14, 19, 25 and 29)	(5,827,602)	(5,847,329)	(36,633)
Gross profit (Note 4)	1,509,657	1,444,755	9,490
Other income (expenses):			
Selling, general and administrative expenses (Notes 12, 13 and 28)	(1,111,394)	(1,039,732)	(6,986)
Impairment reversal (loss) on long-lived assets (Notes 12, 13 and 14)	(15,168)	(7,471)	(95)
Gain (loss) on sale of long-lived assets, net	21,167	7,255	133
Other, net (Note 29)	(2,663)	(11,928)	(17)
Total other income (expenses)	(1,108,058)	(1,051,876)	(6,965)
Finance income (costs):			
Interest income	72,957	70,703	459
Interest expense	(98,421)	(97,954)	(619)
Dividends	12,174	14,926	77
Gain (loss) on securities and other investments, net (Note 25)	47,017	38,047	295
Finance income (costs), net (Note 29)	33,727	25,722	212
Share of profit (loss) of investments accounted for using the equity method (Notes 4 and 11)	266,672	276,966	1,676
Profit (loss) before tax	701,998	695,567	4,413
Income tax expense (Note 30)	(51,717)	(86,601)	(325)
Profit (loss) for the year	650,281	608,966	4,088
Profit (loss) for the year attributable to:			
Owners of the parent (Note 4)	¥ 600,334	¥ 561,859	\$ 3,774
Non-controlling interests	49,947	47,107	314

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	62,969	(26,953)	396
Remeasurements of defined benefit pension plans	(4,807)	(8,031)	(30)
Share of other comprehensive income of investments accounted for using the equity method	8,179	(3,812)	51
Total items that will not be reclassified to profit or loss	66,341	(38,796)	417
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	298,654	(90,632)	1,877
Cash-flow hedges	4,127	(25,650)	26
Hedging cost	(845)	3,193	(5)
Share of other comprehensive income of investments accounted for using the equity method	11,073	11,879	70
Total items that may be reclassified subsequently to profit or loss	313,009	(101,210)	1,968
Other comprehensive income, net of tax (Note 22)	379,350	(140,006)	2,385
Comprehensive income for the year	1,029,631	468,960	6,473
Comprehensive income for the year attributable to:			
Owners of the parent	¥ 976,004	¥ 423,957	\$ 6,136
Non-controlling interests	53,627	45,003	337

Earnings per share (Note 31):	Yen		U.S. Dollars
Basic	¥ 499.09	¥ 463.66	\$ 3.14
Diluted	498.66	463.32	3.13

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity
Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2026 and 2025

For the year ended March 31, 2026

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 20)	Additional paid-in capital (Note 21)	Treasury stock	Other components of equity (Note 22)	Retained earnings (Note 21)	Total		
Balance, beginning of year	¥ 221,023	¥ 236,087	¥ (4,289)	¥ 897,943	¥ 3,297,698	¥ 4,648,462	¥ 237,096	¥ 4,885,558
Profit for the year					600,334	600,334	49,947	650,281
Other comprehensive income for the year (Note 22)				375,670		375,670	3,680	379,350
Comprehensive income for the year				375,670	600,334	976,004	53,627	1,029,631
Transaction with owners:								
Acquisition of treasury stock			(80,011)			(80,011)		(80,011)
Sales of treasury stock			185		(135)	50		50
Share-based payment transactions	628	921				1,549		1,549
Equity transactions with non-controlling interests and others		(754,623)				(754,623)	(164,979)	(919,602)
Cash dividends to the owners of the parent (Note 23)					(162,876)	(162,876)		(162,876)
Cash dividends to non-controlling interests							(19,145)	(19,145)
Transfer to Retained earnings		517,615		(18,651)	(498,964)	—		—
Balance, end of year	¥ 221,651	¥ —	¥ (84,115)	¥ 1,254,962	¥ 3,236,057	¥ 4,628,555	¥ 106,599	¥ 4,735,154

For the year ended March 31, 2025

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 20)	Additional paid-in capital (Note 21)	Treasury stock	Other components of equity (Note 22)	Retained earnings (Note 21)	Total		
Balance, beginning of year	¥ 220,423	¥ 252,709	¥ (2,733)	¥ 1,077,039	¥ 2,898,056	¥ 4,445,494	¥ 226,810	¥ 4,672,304
Profit for the year					561,859	561,859	47,107	608,966
Other comprehensive income for the year (Note 22)				(137,902)		(137,902)	(2,104)	(140,006)
Comprehensive income for the year				(137,902)	561,859	423,957	45,003	468,960
Transaction with owners:								
Acquisition of treasury stock			(50,010)			(50,010)		(50,010)
Sales of treasury stock			211		(149)	62		62
Cancellation of treasury stock			48,243		(48,243)	—		—
Share-based payment transactions	600	(77)				523		523
Equity transactions with non-controlling interests and others		(16,545)				(16,545)	496	(16,049)
Cash dividends to the owners of the parent (Note 23)					(155,019)	(155,019)		(155,019)
Cash dividends to non-controlling interests							(35,213)	(35,213)
Transfer to Retained earnings				(41,194)	41,194	—		—
Balance, end of year	¥ 221,023	¥ 236,087	¥ (4,289)	¥ 897,943	¥ 3,297,698	¥ 4,648,462	¥ 237,096	¥ 4,885,558

For the year ended March 31, 2026

Millions of U.S. Dollars

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock (Note 20)	Additional paid-in capital (Note 21)	Treasury stock	Other components of equity (Note 22)	Retained earnings (Note 21)	Total		
Balance, beginning of year	\$ 1,389	\$ 1,484	\$ (27)	\$ 5,645	\$ 20,730	\$ 29,221	\$ 1,490	\$ 30,711
Profit for the year					3,774	3,774	314	4,088
Other comprehensive income for the year (Note 22)				2,361		2,361	24	2,385
Comprehensive income for the year				2,361	3,774	6,135	338	6,473
Transaction with owners:								
Acquisition of treasury stock			(502)			(502)		(502)
Sales of treasury stock			1		(1)	0		0
Share-based payment transactions	4	6				10		10
Equity transactions with non-controlling interests and others		(4,744)				(4,744)	(1,038)	(5,782)
Cash dividends to the owners of the parent (Note 23)					(1,024)	(1,024)		(1,024)
Cash dividends to non-controlling interests							(120)	(120)
Transfer to Retained earnings		3,254		(117)	(3,137)	—		—
Balance, end of year	\$ 1,393	\$ —	\$ (528)	\$ 7,889	\$ 20,342	\$ 29,096	\$ 670	\$ 29,766

See the accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2026 and 2025

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Operating activities (Note 32):			
Profit (loss) for the year	¥ 650,281	¥ 608,966	\$ 4,088
Adjustments to reconcile Profit for the year to net cash provided by operating activities:			
Depreciation and amortization	227,623	219,467	1,431
Impairment reversal (loss) on long-lived assets	15,168	7,471	95
Finance income, net	(33,727)	(25,722)	(212)
Share of (profit) loss of investments accounted for using the equity method	(266,672)	(276,966)	(1,676)
(Gain) loss on sale of long-lived assets, net	(21,167)	(7,255)	(133)
Income tax expense	51,717	86,601	325
Changes in Inventories	(82,873)	(154,014)	(521)
Changes in trade and other receivables	(260,091)	(89,837)	(1,635)
Changes in prepaid expenses	2,878	2,004	18
Changes in trade and other payables	577,825	113,830	3,632
Other, net	(122,880)	30,877	(772)
Interest received	36,309	29,165	228
Dividends received	203,663	214,335	1,280
Interest paid	(75,298)	(67,188)	(473)
Income tax paid	(89,300)	(79,453)	(561)
Net cash provided by operating activities	813,456	612,281	5,114

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Investing activities (Note 32):			
Proceeds from sale of property, plant and equipment	9,953	7,782	63
Purchase of property, plant and equipment	(105,910)	(102,799)	(666)
Proceeds from sale of investment property	37,136	21,586	233
Purchase of investment property	(35,932)	(20,867)	(226)
Proceeds from sale of businesses, net of cash and cash equivalents disposed	23,912	2,323	150
Acquisition of businesses, net of cash and cash equivalents acquired	(22,348)	(271,701)	(139)
Proceeds from disposal of other investments	193,639	221,900	1,217
Acquisition of other investments	(225,662)	(290,455)	(1,419)
Collection of loan receivables	13,339	14,009	84
Increase in loan receivables	(44,019)	(43,164)	(277)
Net cash provided by (used in) investing activities	(155,892)	(461,386)	(980)
Financing activities (Note 32):			
Net increase (decrease) in short-term debt	181,727	5,017	1,142
Proceeds from issuance of long-term debt	951,217	572,921	5,980
Repayments of long-term debts	(295,270)	(521,527)	(1,856)
Repayments of lease liabilities (Notes 8)	(77,427)	(77,238)	(487)
Cash dividends paid (Note 23)	(162,876)	(155,019)	(1,024)
Capital contribution from non-controlling interests	3,436	13,688	22
Payment for acquisition of subsidiary's interests from non-controlling interests	(754,182)	(1)	(4,741)
Payment of dividends to non-controlling interests	(19,145)	(35,213)	(120)
Acquisition and disposal of treasury stock, net	(80,011)	(50,010)	(503)
Net cash used in financing activities	(252,531)	(247,382)	(1,587)
Net increase (decrease) in cash and cash equivalents	405,033	(96,487)	2,546
Cash and cash equivalents at the beginning of year	570,617	667,852	3,587
Effect of exchange rate changes on cash and cash equivalents	29,792	(748)	187
Cash and cash equivalents at the end of year	¥ 1,005,442	¥ 570,617	\$ 6,320

See the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2026 and 2025

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, 2026 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, 2026 is included solely for the convenience of readers and has been made at the rate of ¥159 = U.S. \$1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2026. 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
- 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 25 - Impairment of Financial Assets
- Note 25 - Financial Assets Measured at Fair Value
- Notes 11, 12, 13 and 14 - Recoverability of Non-current Assets
- Note 30 - Tax Asset Valuation
- Notes 18 and 34 - Calculation of Provision
- Note 19 - Measurement of Defined Benefit Obligations

(5) Changes in Accounting Policies

The Companies have applied the Standards and Interpretations required to be adopted from the year ended March 31, 2026. These applications had no material effect on the consolidated financial statements.

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 Company. 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 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 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).

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 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.

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 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 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 arising from such modifications are recognized in profit or loss at the date of the modification or exchange.

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 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.

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. Land and land improvements are not depreciated.

The estimated useful lives for the years ended March 31, 2026 and 2025 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.

(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 be the most closely approximate 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, 2026 and 2025 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.

(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 their 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 it 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 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 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.

(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, which includes services related to software, commercial real estate, loans in connection with vessels, finance leases, and operating leases.

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.

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.

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 shares. 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 shares 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 shares outstanding, adjusted for the number of treasury stock, are adjusted for the effects of all dilutive potential ordinary shares. Potential ordinary shares of the Company is related to the stock option plan and restricted performance share unit-based 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.

(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, 2026, are as follows. The impact caused by the application of those is being determined and cannot be estimated at this time.

IFRS	Title	Reporting periods on or after which the applications are required	Reporting periods of the application by the Companies (The reporting period ended)	Summary of new IFRS and amendment
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

We conduct business through nine industry-based business operating segments (business groups). The Companies' industry-based reporting segments are:

Steel Group	Lifestyle Business Group
Automotive Group	Mineral Resources Group
Transportation & Construction Systems Group	Chemical Solutions Group
Diverse Urban Development Group	Energy Transformation Business Group
Media & Digital Group	

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

Steel Group—The Steel Group encompasses various steel products such as tubular products and steel sheets. In the tubular products field, this group 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 group 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 group 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. This group consists of Energy Tubular SBU, Steel Products SBU and Steel GX SBU.

Automotive Group—The Automotive Group engages in global transactions involving motor vehicles, tires and related components and parts. This group covers a wide range of businesses, ranging from selling, servicing and leasing to manufacturing. This group consists of Automotive Manufacturing and Engineering SBU, Automotive Sales & Marketing SBU, Mobility Services SBU, Tire SBU and Beyond Mobility SBU.

Transportation & Construction Systems Group—The Transportation & Construction Systems Group engages in global transactions involving ships, aircrafts, construction equipment and related components and parts. This group covers a wide range of businesses, ranging from selling and servicing, leasing and financing to manufacturing. This segment consists of Leasing SBU, Commercial Aviation SBU, Aerospace Defense & Technology SBU, Ship & Marine SBU, and Construction & Mining Systems SBU.

Diverse Urban Development Group—The Diverse Urban Development Group engages in real estate businesses, such as buildings, retail facilities, residences, logistics facilities, real estate funds. This group also engages in sustainable city project and development and operation of industrial parks, construction material and machinery business, including cement and industrial facilities. This group also engages in integrated logistics infrastructure business and insurance, and social infrastructure businesses including transportation, airports, water, and digital infrastructure businesses. This group consists of Real Estate SBU, Industrial Park and Sustainable City SBU, Industrial System & Material SBU, Logistics and insurance SBU, Social Infrastructure SBU.

Media & Digital Group—The Media & Digital Group engages in digital solution business, smart communications infrastructure business, value-added service business, 5G related businesses, media businesses in the cable television, TV shopping business, video content-related businesses, global corporate venture capital, etc. This group consists of Digital SBU, Smart Communication Platform SBU, 5G SBU, Cable Platform SBU, Media Commerce & Contents SBU and Innovation & Investment SBU.

Lifestyle Business Group—The Lifestyle Business Group engages in retail businesses (including supermarkets and brands), food businesses (including food products, food ingredients and fresh produce), and healthcare businesses (including drugstores, pharmacies, and managed care organizations, clinics). This group consists of Retail SBU, Food SBU, and Healthcare SBU.

Mineral Resources Group—The Mineral Resources Group engages in businesses in the fields of mineral resources such as copper, nickel, aluminum, coal, iron ore, and precious metals. It is involved in the promotion of businesses of mining and smelting business through holding interests in the development, operation and production, as well as trading business with offering a wide range of functions, including the use of commodity derivatives. This group consists of Non-Ferrous Metals SBU, Aluminum SBU, Coal and Nuclear Fuel SBU, Ferrous Raw Materials and Carbon SBU, and Commodity Business SBU.

Chemical Solutions Group—The Chemical Solutions Group engages in the development and trading of organic and inorganic chemicals, silicon wafers, pharmaceuticals, agricultural chemicals, fertilizers, and veterinary drugs. This group also operates electronics manufacturing services (EMS) mainly in Asia. This group consists of Basic Chemicals SBU, Electronics SBU, Green Chemical SBU, Life Science SBU, and Agri Business SBU.

Energy Transformation Business Group—The Energy Transformation Business Group 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 group also engages in development, production and sales of energy natural gas and liquefied natural gas (LNG), marine infrastructure and ship fuel supply business. This group also engages in electricity retail in Japan, environmental solutions, storage battery businesses and development in next-generation energy field. This group consists of Energy Innovation Initiative SBU, Japan Energy Solution SBU, Overseas Energy Solution SBU, Indonesia Energy Solution SBU, Gas Value Chain SBU and Maritime Energy Solution SBU.

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, 2026 and 2025 is summarized as follows:

2026

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
Steel	¥ 1,454,245	¥ 174,851	¥ 17,882	¥ 74,276	¥ 1,199,500
Automotive	616,949	139,821	36,198	63,211	861,673
Transportation & Construction Systems	831,811	216,748	68,174	88,915	1,874,889
Diverse Urban Development	487,203	136,298	5,695	81,548	1,792,921
Media & Digital	790,947	217,470	30,465	51,247	1,492,708
Lifestyle Business	1,073,284	262,645	5,221	(3,558)	819,551
Mineral Resources	324,350	41,895	60,799	82,347	2,463,661
Chemical Solutions	1,075,588	150,530	8,391	26,504	942,717
Energy Transformation Business	700,003	176,990	33,847	102,370	1,977,840
Segment Total	¥ 7,354,380	¥ 1,517,248	¥ 266,672	¥ 566,860	¥ 13,425,460
Corporate and Eliminations	(17,121)	(7,591)	—	33,474	212,878
Consolidated	¥ 7,337,259	¥ 1,509,657	¥ 266,672	¥ 600,334	¥ 13,638,338

2025

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
Steel	¥ 1,629,640	¥ 188,262	¥ 11,929	¥ 68,375	¥ 1,170,500
Automotive	717,214	166,245	14,908	51,173	848,551
Transportation & Construction Systems	795,093	200,308	90,346	101,477	1,736,941
Diverse Urban Development	424,085	119,595	11,306	77,075	1,619,868
Media & Digital	612,037	164,221	27,966	45,247	1,520,393
Lifestyle Business	1,016,661	236,162	6,856	14,123	769,990
Mineral Resources	298,300	47,854	63,106	91,118	1,493,888
Chemical Solutions	1,096,546	153,905	8,608	21,398	829,944
Energy Transformation Business	710,261	165,998	41,941	96,379	1,633,192
Segment Total	¥ 7,299,837	¥ 1,442,550	¥ 276,966	¥ 566,365	¥ 11,623,267
Corporate and Eliminations	(7,753)	2,205	—	(4,506)	7,894
Consolidated	¥ 7,292,084	¥ 1,444,755	¥ 276,966	¥ 561,859	¥ 11,631,161

2026

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
Steel	\$ 9,142	\$ 1,099	\$ 112	\$ 467	\$ 7,540
Automotive	3,878	879	227	397	5,417
Transportation & Construction Systems	5,229	1,363	428	559	11,786
Diverse Urban Development	3,063	857	36	513	11,271
Media & Digital	4,972	1,367	192	322	9,382
Lifestyle Business	6,747	1,651	33	(22)	5,152
Mineral Resources	2,039	263	382	518	15,487
Chemical Solutions	6,761	946	53	166	5,926
Energy Transformation Business	4,400	1,113	213	643	12,433
Segment Total	\$ 46,231	\$ 9,538	\$ 1,676	\$ 3,563	\$ 84,394
Corporate and Eliminations	(108)	(48)	—	211	1,339
Consolidated	\$ 46,123	\$ 9,490	\$ 1,676	\$ 3,774	\$ 85,733

Notes:

1. Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained by corporate headquarters that are not related to specific operating segments.
2. 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.
3. Transactions between segments are based on normal market prices.
4. Revenues from contracts with customers are disaggregated into each segment as a result of categorization by economic factors.

5. In the year ended March 31, 2025, impairment loss in the nickel mining and refining business in Madagascar is recognized in the Mineral Resources Group. The impacts on the Profit for the year attributable to owners of the parent is a loss of ¥18,859 million.

(2) Geographic Information

The Companies' revenues by geographical area for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Japan	¥ 2,840,605	¥ 2,584,624	\$ 17,857
East Asia	338,038	361,933	2,125
Asia Pacific	774,305	825,497	4,867
Europe and CIS	986,146	951,196	6,199
Middle East and Africa	365,372	485,892	2,297
Americas:			
U.S.	1,391,341	1,423,959	8,746
Other Americas	641,452	658,983	4,032
Total	¥ 7,337,259	¥ 7,292,084	\$ 46,123

The carrying amounts of non-current assets, excluding Financial assets and Deferred tax assets, by geographical area as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Japan	¥ 1,362,418	¥ 1,334,558	\$ 8,563
East Asia	15,388	16,841	97
Asia Pacific	208,852	195,315	1,313
Europe and CIS	251,069	258,898	1,578
Middle East and Africa	7,909	5,354	50
Americas:			
U.S.	511,389	476,069	3,215
Other Americas	89,517	74,988	563
Total	¥ 2,446,542	¥ 2,362,023	\$ 15,379

5. Business Combinations

(1) For the year ended March 31, 2025

On December 25, 2024, SCSK Corporation, a consolidated subsidiary of the Company, has acquired 79.69% of the voting rights of Net One Systems Co., Ltd. (hereinafter “Net One Systems”) through a tender offer for the company's shares.

As a result of the acquisition of Net One Systems shares, we expect to create synergies that surpass those possible through simple capital and business alliances by deploying digital services ranging from network, security and cloud to data utilization and other applications.

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 acquisition-related costs of ¥1,113 million are included in “Selling, general and administrative expenses” in the Consolidated statement of comprehensive income for the year ended March 31, 2025.

As of March 31, 2025, a preliminary allocation of the acquisition cost has been performed based on then available information, and the values of assets and liabilities as of the acquisition date have been adjusted. The allocation of goodwill to cash-generating units is not yet complete.

The primary adjustments include an increase in non-current assets of ¥106,014 million, an increase in non-current liabilities of ¥32,461 million. These amounts are based on provisionally estimated fair values. The increase in non-current assets primarily consists of customer-related assets, whose fair value has been calculated using the excess earnings method. The estimated useful life of these customer-related assets is primarily 20 years. Goodwill primarily represents the expected future excess earnings capacity from business development and is recognized in the Media & Digital Group.

	Millions of Yen
Fair value of the consideration transferred	¥ 284,871
Cash and cash equivalents	¥ 26,646
Other current assets	103,352
Non-current assets	150,041
Current liabilities	(66,919)
Non-current liabilities	(58,106)
Net assets	¥ 155,014
Non-controlling interests	(31,463)
Goodwill	161,321
Total	¥ 284,871

There were no significant business combinations other than Net One Systems for the year ended March 31, 2025.

(2) For the year ended March 31, 2026

There were no significant business combinations for the fiscal year ended March 31, 2026.

The provisional amounts for the item for which the acquisition accounting for the business combination involving Net One Systems was incomplete as of March 31, 2025 have been finalized during the fiscal year ended March 31, 2026 through the completion of the purchase price allocations, and there were no changes in the amounts upon finalization of the accounting treatment.

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
	2026	2025	2026
Marketable securities:			
FVTPL	¥ 9	¥ 118	\$ 0
Amortized cost	3,059	7,544	19
Total	3,068	7,662	19
Other investments:			
FVTPL	¥ 93,402	¥ 112,155	\$ 587
FVTOCI	374,183	317,763	2,352
Amortized cost	11,082	7,714	70
Total	¥ 478,667	¥ 437,632	\$ 3,009

The fair values of “Marketable securities” and “Other investments” measured at amortized cost as of March 31, 2026 and 2025 are ¥14,141 million (\$89 million) and ¥15,258 million, respectively.

The Companies classify investments as financial assets measured at FVTOCI when those investments are held for the objective, such as 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, 2026 and 2025 are as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2026		2025		2026	
	Fair value	Dividends	Fair value	Dividends	Fair value	Dividends
Listed	¥ 207,836	¥ 3,965	¥ 194,773	¥ 5,816	\$ 1,306	\$ 25
Unlisted	166,347	5,841	122,990	7,192	1,046	37
Total	¥ 374,183	¥ 9,806	¥ 317,763	¥ 13,008	\$ 2,352	\$ 62

The fair values of “Other investments” measured at FVTOCI as of March 31, 2026 mainly consist of the following:

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Sumitomo Electric Industries, Ltd.	¥ 41,967	\$ 264
Sumitomo Realty & Development Co., LTD.	26,352	166
Sumitomo Forestry Co., Ltd.	18,462	116
Nippon Steel Corporation.	14,611	92
MS&AD Insurance Group Holdings, Inc.	12,247	77
Sumitomo Metal Mining Co., Ltd.	7,527	47
SUMITOMO HEAVY INDUSTRIES, LTD.	7,025	44
The Sumitomo Warehouse Co., Ltd	6,821	43
Nippon Coke & Engineering	6,504	41
Sumitomo Rubber Industries, Ltd.	4,759	30
UACJ Corporation	4,614	29
Sumitomo Bakelite Co., Ltd.	3,787	24
TOTECH CORPORATION	3,445	22
YAMAZAKI BAKING CO., LTD.	3,259	20
SOSiLA Logistics REIT, Inc.	2,960	19

The fair values of “Other investments” measured at FVTOCI as of March 31, 2025 mainly consist of the following:

	Millions of Yen
	2025
Sumitomo Realty & Development Co., LTD.	¥ 28,899
Sumitomo Forestry Co., Ltd.	19,764
MS&AD Insurance Group Holdings, Inc.	19,592
Nippon Steel Corporation.	19,454
Sumitomo Electric Industries, Ltd.	12,350
YAMATO KOGYO CO., LTD.	6,809
Sumitomo Rubber Industries, Ltd.	5,383
Nippon Coke & Engineering	4,864
The Sumitomo Warehouse Co., Ltd	4,671
SUMITOMO HEAVY INDUSTRIES, LTD.	4,551
Sumitomo Metal Mining Co., Ltd.	4,056
UACJ Corporation	3,578
SOSiLA Logistics REIT, Inc.	2,658
YAMAZAKI BAKING CO., LTD.	2,647
Sumitomo Bakelite Co., Ltd.	2,613

“Other investments” measured at FVTOCI which were disposed of during the years ended March 31, 2026 and 2025 are as follows:

Millions of Yen						Millions of U.S. Dollars		
2026			2025			2026		
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
¥ 68,485	¥ 40,094	¥ 2,307	¥ 82,136	¥ 67,555	¥ 1,837	\$ 431	\$ 252	\$ 15

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 ¥28,577 million (\$180 million) and ¥50,338 million from Other components of equity to Retained earnings for the years ended March 31, 2026 and 2025, 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 ¥3,955 million (\$25 million) and losses (net of tax) of ¥838 million from Other components of equity to Retained earnings for the years ended March 31, 2026 and 2025, respectively.

7. Trade and Other Receivables

The components of Trade and other receivables as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Notes receivable	¥ 46,846	¥ 52,182	\$ 294
Accounts receivable	2,591,521	2,219,711	16,291
Loans receivable	155,724	109,356	979
Finance lease receivable	123,903	121,721	779
Other receivables	94,246	98,527	592
Less: Loss allowance	(90,913)	(80,796)	(571)
Trade and other receivables	¥ 2,921,327	¥ 2,520,701	\$ 18,364

Financial assets measured at FVTPL of ¥333,274 million (\$2,095 million) and ¥178,133 million are included in Accounts receivable as of March 31, 2026 and 2025, respectively.

Financial assets measured at FVTPL of ¥24,074 million (\$151 million) and ¥21,053 million are included in Loans receivable as of March 31, 2026 and 2025, 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. The Companies continue to recognize the discounted notes receivables of ¥1,207 million (\$8 million) and ¥1,301 million as of March 31, 2026 and 2025, 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 properties subject to operating leases as of March 31, 2026 and 2025 are ¥918,533 million (\$5,774 million) and ¥900,713 million, respectively. Accumulated depreciation and accumulated impairment losses as of March 31, 2026 and 2025 are ¥277,426 million (\$1,744 million) and ¥265,515 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, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Due in 1 year or less	¥ 43,390	¥ 38,095	\$ 273
Due after 1 year through 2 years	19,548	22,282	123
Due after 2 years through 3 years	14,670	14,699	92
Due after 3 years through 4 years	10,745	11,643	68
Due after 4 years through 5 years	7,697	9,502	48
Due after 5 years	42,603	37,575	268

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

Future receivables under finance leases as of March 31, 2026 and 2025 are as follows:

	Minimum lease payments receivable		
	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Due in 1 year or less	¥ 70,077	¥ 67,875	\$ 441
Due after 1 year through 2 years	36,494	36,016	229
Due after 2 years through 3 years	19,825	19,990	125
Due after 3 years through 4 years	9,572	8,632	60
Due after 4 years through 5 years	4,345	4,750	27
Due after 5 years	2,277	3,163	14
Unguaranteed residual value	1,717	1,716	11
Less: Future finance income	(20,404)	(20,421)	(128)
Net investment in the lease	¥ 123,903	¥ 121,721	\$ 779

	Net investment in the lease		
	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Due in 1 year or less	¥ 63,952	¥ 61,975	\$ 402
Due after 1 year through 2 years	30,189	29,737	190
Due after 2 years through 3 years	16,107	16,235	101
Due after 3 years through 4 years	8,104	7,298	51
Due after 4 years through 5 years	3,698	4,023	23
Due after 5 years	514	931	3
Unguaranteed residual value	¥ 1,339	¥ 1,522	\$ 8

The amounts mainly recognized in the Consolidated statement of comprehensive income related to finance leases as a lessor for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Financial income on lease receivables	¥ 14,852	¥ 15,769	\$ 93
Income on variable lease payments not included in the measurement of lease receivables	50,697	50,928	319

(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, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Land and land improvements	¥ 38,108	¥ 19,131	\$ 240
Buildings and leasehold improvements	338,350	353,891	2,127
Machinery and equipment	26,631	35,227	167

Depreciation expenses for right-of-use assets for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Land and land improvements	¥ 1,574	¥ 2,211	\$ 10
Buildings and leasehold improvements	59,745	56,098	376
Machinery and equipment	7,221	9,590	45

Acquisitions of right-of-use assets for the years ended March 31, 2026 and 2025 are ¥82,662 million (\$520 million) and ¥93,658 million, respectively. Acquisitions of those through business combinations for the years ended March 31, 2026 and 2025 are ¥2,649 million (\$17 million) and ¥12,250 million, respectively.

2. Maturity analysis of lease liabilities

The Companies' remaining contractual maturities for lease liabilities as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Due in 1 year or less	¥ 87,410	¥ 88,880	\$ 550
Due after 1 year through 5 years	238,267	222,493	1,498
Due after 5 years	203,853	217,521	1,281

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

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Interest expense on lease liabilities	¥ 13,594	¥ 13,099	\$ 85
Expense on variable lease payments not included in the measurement of lease liabilities	36,431	23,702	229
Income from subleasing right-of-use assets	1,257	3,375	8

4. Total cash outflows for leases

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Total cash outflows for leases	¥ 119,440	¥ 105,801	\$ 751

9. Assets Pledged as Security

Assets pledged to secure borrowings, guarantee of contracts and others as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Cash and deposits	¥ 22,483	¥ 31,536	\$ 141
Trade and other receivables	391,861	368,330	2,463
Inventories	60,990	26,978	383
Marketable securities and investments	310,793	275,360	1,954
Property, plant and equipment (Carrying amount)	10,528	8,772	66
Others (Note)	120,021	53,465	755
Total	¥ 916,676	¥ 764,441	\$ 5,762

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, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Real estate held for development and resale	¥ 416,858	¥ 385,753	\$ 2,620
Commodities	1,086,588	963,746	6,831
Materials/Work in progress	278,594	304,343	1,751
Inventories	¥ 1,782,040	¥ 1,653,842	\$ 11,202

Of the Inventories disclosed above, the carrying amounts of Inventories that are measured at fair value less costs to sell as of March 31, 2026 and 2025 are ¥200,168 million (\$1,258 million) and ¥151,416 million, respectively.

The write-down of Inventories recognized as expense for the years ended March 31, 2026 and 2025 are ¥6,108 million (\$38 million) and ¥6,966 million, respectively.

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, 2026 and 2025 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Carrying amount			
Associates	¥ 1,597,609	¥ 1,584,882	\$ 10,043
Joint Ventures	1,689,145	1,425,607	10,618
Total	¥ 3,286,754	¥ 3,010,489	\$ 20,661

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Profit for the year			
Associates	¥ 129,429	¥ 174,251	\$ 814
Joint Ventures	137,243	102,715	862
Subtotal	266,672	276,966	1,676
Other comprehensive income			
Associates	1,445	5,144	9
Joint Ventures	17,807	2,923	112
Subtotal	19,252	8,067	121
Comprehensive income for the year	¥285,924	¥ 285,033	\$ 1,797

In the previous fiscal year, regarding Nickel Mining and Refining business in Madagascar, as a result of considering the current situation and the recoverability of shareholder loans to Ambatovy Minerals S.A. and Dynatec Madagascar S.A. in the Madagascar nickel project, losses were recorded for the entire amount, including uncalled committed amounts but not yet contributed under the UK Restructuring Plan (a debt restructuring process under English law) filed with the English courts. The loss of ¥14,107 million was included in “Share of profit (loss) of investments accounted for using the equity method” and the loss of ¥4,752 million was included “Other, net” in the Consolidated Statement of Comprehensive Income.

There are no significant gains or losses recorded in the current period ended March 31, 2026.

The major joint venture accounted for using the equity method included in the summarized financial information above is Sumitomo Mitsui Finance and Leasing Company, Limited (50% owned).

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, 2026 and 2025 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
	2026	2025	2026
Current assets	¥ 4,264,891	¥ 4,148,217	\$ 26,810
Non-current assets	6,821,694	6,172,093	42,882
Total assets	¥ 11,086,585	¥ 10,320,310	\$ 69,692
Current liabilities	¥ 3,386,137	¥ 3,318,507	\$ 21,286
Non-current liabilities	5,924,635	5,298,673	37,243
Total liabilities	¥ 9,310,772	¥ 8,617,180	\$ 58,529
Non-controlling interests	¥ 386,619	¥ 390,078	\$ 2,430
Equity	1,389,194	1,313,052	8,733
Total equity	¥ 1,775,813	¥ 1,703,130	\$ 11,163

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Revenues	¥ 1,767,905	¥ 1,333,036	\$ 11,113
Profit (loss) for the year	103,220	160,296	649
Other comprehensive income	53,775	(3,184)	338
Comprehensive income for the year	¥ 156,995	¥ 157,112	\$ 987

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, 2026 and 2025 are ¥16,292 million (\$102 million) and ¥21,227 million, respectively.

(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, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Trade and other receivables	¥ 169,956	¥ 143,160	\$ 1,068
Trade and other payables	35,934	25,080	226
Lease liabilities	11,162	11,228	70

(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, 2026 and 2025 are summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Management and secondment fees, received	¥ 5,176	¥ 5,408	\$ 33
Interest income	4,354	11,164	27
Interest expense	(53)	(36)	(0)

Transactions with equity-accounted investees stated above are made on an arm's length basis.

12. Property, Plant and Equipment

Cost, Accumulated depreciation and impairment losses and Carrying amount of Property, plant and equipment as of March 31, 2026 and 2025 are as follows:

	Millions of Yen					
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2026						
Cost	¥ 160,332	¥ 1,239,694	¥ 1,225,154	¥ 43,469	¥ 31,982	¥ 2,700,631
Accumulated depreciation and impairment losses	(14,480)	(680,794)	(709,884)	—	(22,133)	(1,427,291)
Carrying amount	¥ 145,852	¥ 558,900	¥ 515,270	¥ 43,469	¥ 9,849	¥ 1,273,340
2025						
Cost	¥ 137,168	¥ 1,194,362	¥ 1,135,169	¥ 35,321	¥ 27,777	¥ 2,529,797
Accumulated depreciation and impairment losses	(15,817)	(625,517)	(638,453)	—	(17,405)	(1,297,192)
Carrying amount	¥ 121,351	¥ 568,845	¥ 496,716	¥ 35,321	¥ 10,372	¥ 1,232,605

	Millions of U.S. Dollars					
	Land and land improvements	Buildings and leasehold improvements	Machinery and equipment	Projects in progress	Mining rights	Total
2026						
Cost	\$ 1,008	\$ 7,793	\$ 7,702	\$ 273	\$ 201	\$ 16,977
Accumulated depreciation and impairment losses	(91)	(4,280)	(4,462)	—	(139)	(8,972)
Carrying amount	\$ 917	\$ 3,513	\$ 3,239	\$ 273	\$ 62	\$ 8,004

The changes in the carrying amount of property, plant and equipment for the years ended March 31, 2026 and 2025 are as follows:

	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, 2024	¥ 134,348	¥ 520,518	¥ 462,904	¥ 29,658	¥ 4,591	¥ 1,152,019
Acquisitions	4,376	98,677	120,912	49,405	—	273,370
Reclassification	(11,409)	16,407	17,633	(39,754)	—	(17,123)
Acquisitions through business combinations	46	18,562	10,291	176	—	29,075
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	—	—	(13)	—	—	(13)
Disposals	(1,151)	(5,221)	(9,056)	(39)	—	(15,467)
Depreciation expenses	(2,211)	(80,026)	(94,360)	—	(1,564)	(178,161)
Impairment losses	(18)	(2,840)	(3,620)	—	—	(6,478)
Exchange differences on translating foreign operations	(1,305)	(2,354)	(10,141)	(1,792)	(592)	(16,184)
Others	(1,325)	5,122	2,166	(2,333)	7,937	11,567
Balance as of March 31, 2025	¥ 121,351	¥ 568,845	¥ 496,716	¥ 35,321	¥ 10,372	¥ 1,232,605
Acquisitions	26,038	63,534	83,377	55,459	—	228,408
Reclassification	1,214	16,384	26,038	(44,006)	—	(370)
Acquisitions through business combinations	986	1,918	4,630	1,328	—	8,862
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(2,200)	(3,579)	(9,072)	(1,117)	—	(15,968)
Disposals	(3,717)	(17,568)	(15,670)	(3,299)	—	(40,254)
Depreciation expenses	(1,574)	(82,415)	(93,347)	—	(1,669)	(179,005)
Impairment losses	(118)	(3,869)	(5,617)	—	—	(9,604)
Exchange differences on translating foreign operations	4,066	16,633	27,803	2,959	1,546	53,007
Others	(194)	(983)	412	(3,176)	(400)	(4,341)
Balance as of March 31, 2026	¥ 145,852	¥ 558,900	¥ 515,270	¥ 43,469	¥ 9,849	¥ 1,273,340

	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, 2025	\$ 763	\$ 3,576	\$ 3,122	\$ 222	\$ 65	\$ 7,748
Acquisitions	164	399	524	349	—	1,436
Reclassification	8	103	164	(277)	—	(2)
Acquisitions through business combinations	6	12	29	8	—	55
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(14)	(23)	(57)	(7)	—	(101)
Disposals	(23)	(110)	(99)	(21)	—	(253)
Depreciation expenses	(10)	(518)	(587)	—	(10)	(1,125)
Impairment losses	(1)	(24)	(35)	—	—	(60)
Exchange differences on translating foreign operations	25	104	175	19	10	333
Others	(1)	(6)	3	(20)	(3)	(27)
Balance as of March 31, 2026	\$ 917	\$ 3,513	\$ 3,239	\$ 273	\$ 62	\$ 8,004

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.

13. Intangible Assets

(1) Goodwill

Cost, Accumulated impairment losses and Carrying amount of Goodwill for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Cost	¥ 494,257	¥ 457,325	\$ 3,107
Accumulated impairment losses	(147,648)	(135,784)	(928)
Carrying amount	¥ 346,609	¥ 321,541	\$ 2,179

The changes in the carrying amount of goodwill for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Balance, beginning of year	¥ 321,541	¥ 141,783	\$ 2,021
Acquisitions through business combinations	22,509	177,023	142
Deconsolidation of subsidiaries and reclassification to assets classified as held for sale	(5,114)	—	(32)
Disposals	1	—	0
Impairment losses	(1,111)	—	(7)
Exchange differences on translating foreign operations	10,523	(392)	66
Others	(1,740)	3,127	(11)
Balance, end of year	¥ 346,609	¥ 321,541	\$ 2,179

Main portions of goodwill are related to Net One Systems Co., Ltd. (Enterprise, Telecom Carrier, Public Business and Partner Business), Construction Equipment Rental business in the U.S., and Parking business in Nordic countries. Goodwill of Net One Systems Co., Ltd. (Enterprise, Telecom Carrier and Public Business) as of March 31, 2026 and 2025 are ¥128,503 million (\$808 million), and Goodwill of Net One Systems Co., Ltd. (Partner Business) as of March 31, 2026 and 2025 are ¥32,818 million (\$206 million). Goodwill of Construction Equipment Rental business in the U.S as of March 31, 2026 and 2025 are ¥40,639 million (\$255 million), and ¥34,040 million, respectively. Goodwill of Parking business in Nordic countries as of March 31, 2026 and 2025 are ¥24,409 million (\$153 million), and ¥21,842 million, respectively.

(2) Other Intangible Assets

Cost, Accumulated amortization and impairment losses and Carrying amount of Other intangible assets as of March 31, 2026 and 2025 are as follows:

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
2026				
Cost	¥ 230,069	¥ 428,705	¥ 62,875	¥ 721,649
Accumulated amortization and impairment losses	(165,314)	(215,558)	(19,015)	(399,887)
Carrying amount	¥ 64,755	¥ 213,147	¥ 43,860	¥ 321,762
2025				
Cost	¥ 211,937	¥405,798	¥ 62,615	¥ 680,350
Accumulated amortization and impairment losses	(153,495)	(189,183)	(18,484)	(361,162)
Carrying amount	¥ 58,442	¥ 216,615	¥ 44,131	¥ 319,188

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
2026				
Cost	\$ 1,446	\$ 2,695	\$ 395	\$ 4,536
Accumulated amortization and impairment losses	(1,039)	(1,355)	(120)	(2,514)
Carrying amount	\$ 407	\$ 1,340	\$ 275	\$ 2,022

The changes in the carrying amount of other intangible assets for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of April 1, 2024	¥ 50,818	¥ 116,732	¥ 40,496	¥ 208,046
Acquisitions through business combinations	2,914	111,998	87	114,999
Separate acquisitions	20,019	565	5,825	26,409
Deconsolidation of subsidiaries	—	—	—	—
Disposals	(2,417)	(311)	203	(2,525)
Amortization expenses	(14,860)	(8,446)	(3,073)	(26,379)
Impairment losses	(891)	—	(102)	(993)
Impairment reversals	—	—	—	—
Exchange differences on translating foreign operations	3,078	(5,006)	637	(1,291)
Others	(219)	1,083	58	922
Balance as of March 31, 2025	¥ 58,442	¥ 216,615	¥ 44,131	¥ 319,188
Acquisitions through business combinations	31	10,648	788	11,467
Separate acquisitions	21,392	4,380	1,874	27,646
Deconsolidation of subsidiaries	—	(930)	(1,587)	(2,517)
Disposals	(980)	(4)	(95)	(1,079)
Amortization expenses	(15,984)	(15,165)	(2,286)	(33,435)
Impairment losses	(404)	(61)	(284)	(749)
Impairment reversals	9	—	—	9
Exchange differences on translating foreign operations	12	(2,660)	1,270	(1,378)
Others	2,237	324	49	2,610
Balance as of March 31, 2026	¥ 64,755	¥ 213,147	¥ 43,860	¥ 321,762

	Millions of U.S. Dollars			
	Software	Sales licenses, trademarks and customer relationships	Others	Total
Balance as of March 31, 2025	\$ 367	\$ 1,362	\$ 277	\$ 2,006
Acquisitions through business combinations	1	67	4	72
Separate acquisitions	135	27	12	174
Deconsolidation of subsidiaries	—	(6)	(10)	(16)
Disposals	(6)	0	(1)	(7)
Amortization expenses	(101)	(95)	(14)	(210)
Impairment losses	(3)	0	(2)	(5)
Impairment reversals	0	—	—	0
Exchange differences on translating foreign operations	0	(17)	8	(9)
Others	14	2	1	17
Balance as of March 31, 2026	\$ 407	\$ 1,340	\$ 275	\$ 2,022

Main portions of sales licenses, trademarks and customer relationships are related to Net One Systems Co., Ltd. (Enterprise, Telecom Carrier, Public Business and Partner Business), Construction Equipment Rental business in the U.S., and Parking business in Nordic countries. Sales licenses, trademarks and customer relationships of Net One Systems Co., Ltd. (Enterprise, Telecom Carrier and Public Business) as of March 31, 2026 and 2025 are ¥62,458 million (\$393 million), and ¥66,840 million, respectively, and Sales licenses, trademarks and customer relationships of Net One Systems Co., Ltd. (Partner Business) as of March 31, 2026 and 2025 are ¥35,666 million (\$224 million), and ¥37,629 million, respectively. Sales licenses, trademarks and customer relationships as of March 31, 2026 and 2025 related to Construction Equipment Rental business in the U.S. are ¥25,651 million (\$161 million) and ¥23,950 million, respectively. Sales licenses, trademarks and customer relationships as of March 31, 2026 and 2025 related to Parking business in Nordic countries are ¥13,932 million (\$88 million) and ¥14,514 million, respectively. The average remaining amortization periods of intangible assets with finite useful lives are 20 years for Net One Systems Co., Ltd. (Enterprise, Telecom Carrier and Public Business), 18 years for Net One Systems Co., Ltd. (Partner Business), 17 years for Construction Equipment Rental business in the U.S., and 6 years for Parking business in Nordic countries.

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, 2026 and 2025 are ¥30,776 million (\$193 million) and ¥28,974 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:

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, 2026 and 2025 are summarized as follows:

	2026 (%)		2025 (%)	
CGU Group	Growth rate	Discount rate	Growth rate	Discount rate
Parking Business in Nordic countries (Sweden, Norway and Finland)	2.0	8.5~9.5	2.0	8.0~9.0

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, the value in use used at the impairment test of goodwill as of March 31, 2026 exceeded the carrying amount by ¥9,558 million (\$60 million). If the profitability declines due to changes in the business environment or other factors, or if the discount rate rises by approximately 1.3%, there is a possibility that the recoverable amount goes below the carrying amount.

Net One Systems Co., Ltd.

Goodwill arising from the acquisition of shares of Net One Systems Co., Ltd. has been allocated to Enterprise, Telecom Carrier and Public Business, and Partner Business.

• Enterprise, Telecom Carrier and Public Business

Goodwill and intangible assets with indefinite useful lives are tested for impairment in Enterprise, Telecom Carrier and Public Business, 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 2-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 revenue growth rate and discount rate. The growth rate used is determined by considering the long-term average growth rate of the market or the country which the CGU group belongs to, which is 2.0% for the goodwill impairment test. The discount rate is calculated based on the weighted average cost of capital of the CGU group, which is 8.6%.

In Enterprise, Telecom Carrier and Public Business, the value in use used at the impairment test of goodwill as of March 31, 2026 exceeded the carrying amount by ¥32,745 million (\$206 million). If the profitability declines due to changes in the business environment or other factors, or if the discount rate rises by approximately 0.6%, there is a possibility that the recoverable amount goes below the carrying amount.

• Partner Business

Goodwill and intangible assets with indefinite useful lives are tested for impairment in Partner Business, 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 5-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 revenue growth rate and discount rate. The growth rate used is determined by considering the long-term average growth rate of the market or the country which the CGU group belongs to, which is 2.0% for the goodwill impairment test. The discount rate is calculated based on the weighted average cost of capital of the CGU group,

which is 8.6%.

In Partner Business, the value in use used at the impairment test of goodwill as of March 31, 2026 exceeded the carrying amount by ¥8,490 million (\$53 million). If the profitability declines due to changes in the business environment or other factors, or if the discount rate rises by approximately 0.4%, there is a possibility that the recoverable amount goes below the carrying amount.

14. Investment Property

Cost, Accumulated depreciation and impairment losses and Carrying amount and fair value of Investment property as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Cost	¥ 552,521	¥ 527,912	\$ 3,473
Accumulated depreciation and impairment losses	(149,897)	(147,597)	(942)
Carrying amount	¥ 402,624	¥ 380,315	\$ 2,531

[Carrying amount and fair value]

	Carrying amount	Fair value
2026 (Millions of Yen)	¥ 402,624	¥ 479,753
2025 (Millions of Yen)	¥ 380,315	¥ 454,505
2026 (Millions of U.S. Dollars)	\$ 2,531	\$ 3,016

The changes in the carrying amount for the year ended March 31, 2025 were immaterial.

The amount of acquisitions for the year ended March 31, 2026 is ¥56,436 million (\$355 million).

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, 2026 and 2025 are ¥43,233 million (\$272 million) and ¥42,689 million, respectively, and are reported in “Revenues” in the Consolidated statement of comprehensive income. Expenses directly attributable to generating rental income (including repairs and maintenance) for the years ended March 31, 2026 and 2025 are ¥33,884 million (\$213 million) and ¥32,457 million, respectively, and are included mainly in “Cost.”

15. Biological Assets

Biological assets as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Balance, beginning of year	¥ 36,803	¥ 39,635	\$ 231
Increases due to purchases	242	3,132	2
Decreases due to harvest and others	(1,400)	(1,438)	(9)
The gain or loss arising from changes in fair value less costs to sell	(6,124)	(2,257)	(38)
Exchange differences on translating foreign operations	2,753	(2,269)	17
Balance, end of year	¥ 32,274	¥ 36,803	\$ 203

The Company owns forest assets (mainly pines) in New Zealand and in the U.S.. 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. Bonds and Borrowings

Details of the Bonds and borrowings (non-current), and interest rates as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Secured:			
Loans from banks and insurance companies, maturing serially through 2039, annual interest rate primarily ranging from 0.85% to 6.64%	¥ 252,038	¥ 250,430	\$ 1,584
Unsecured:			
Loans from banks and insurance companies, maturing serially through 2044, annual interest rate primarily ranging from 0.00% to 8.50%	2,518,515	2,060,500	15,832
Bonds payable in Japanese yen due,			
Final redemption period 2026–2038, fixed rate 0.14% to 3.15%	415,031	336,832	2,609
Final redemption period 2031, floating rate 1.10%	16,249	—	102
Medium-term notes,			
2026~2036, fixed rate 1.55% to 5.55%	477,216	299,835	3,000
2026, floating rate 4.65%	4,796	14,653	30
2028, floating rate 2.65%	3,677	—	23
Subtotal	3,687,522	2,962,250	23,180
Less: Current maturities	(462,076)	(287,560)	(2,904)
Bonds and borrowings (non-current)	¥ 3,225,446	¥ 2,674,690	\$ 20,276

Details of the Bonds and borrowings (current) as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Short-term loans, principally from banks	¥ 489,591	¥ 292,494	\$ 3,078
Total	¥ 489,591	¥ 292,494	\$ 3,078

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, 2026 and 2025 are 1.92% and 2.81%, 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 (\$1,792 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, 2026 and 2025.

17. Trade and Other Payables

The components of Trade and other payables as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Notes payable	¥ 53,407	¥ 57,676	\$ 336
Accounts payable	2,245,468	1,619,559	14,115
Other payables	230,503	197,264	1,449
Trade and other payables	¥ 2,529,378	¥ 1,874,499	\$ 15,900

The amount of Accounts payable above includes financial liabilities measured at FVTPL of ¥794,408 million (\$4,994 million) and ¥376,357 million as of March 31, 2026 and 2025, respectively.

18. Provisions

The changes in Provisions for the year ended March 31, 2026 are as follows:

	Millions of Yen			
	Asset retirement obligations	Provision for product warranties	Other provisions	Total
Balance, beginning of year	¥ 43,155	¥ 11,781	¥ 26,507	¥ 81,443
Provisions made	2,322	9,427	9,456	21,205
Provisions used	(1,680)	(6,685)	(13,397)	(21,762)
Accretion expense	808	—	—	808
Others	1,917	(1,078)	150	989
Balance, end of year	¥ 46,522	¥ 13,445	¥ 22,716	¥ 82,683

	Millions of U.S. Dollars			
	Asset retirement obligations	Provision for product warranties	Other provisions	Total
Balance, beginning of year	\$ 271	\$ 74	\$ 167	\$ 512
Provisions made	15	60	59	134
Provisions used	(11)	(42)	(84)	(137)
Accretion expense	5	—	—	5
Others	12	(7)	1	6
Balance, end of year	\$ 292	\$ 85	\$ 143	\$ 520

Asset retirement obligations are principally related to the dismantlement costs of coal exploration installations and obligation to restore leased offices to their original condition.

Provision for product warranties is principally related to maintenance services and other services in automobile sales.

19. 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, 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.

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, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Changes in the defined benefit obligations:			
Balance, beginning of year	¥ (317,302)	¥ (343,476)	\$ (1,995)
Service cost	(9,774)	(11,400)	(61)
Interest on obligation	(7,955)	(6,448)	(50)
Past service cost	(5)	(27)	(0)
Remeasurement	27,972	27,847	176
Exchange differences on translating foreign operations	(3,170)	(243)	(20)
Benefits paid	17,544	16,500	110
Curtailments or Settlements	—	—	—
Acquisitions, disposals and reclassification to liabilities associated with assets held for sale (net)	1,170	(55)	7
Balance, end of year	¥ (291,520)	¥ (317,302)	\$ (1,833)
Changes in the plan assets			
Balance, beginning of year	¥ 393,423	¥ 397,396	\$ 2,473
Interest on plan assets	8,883	7,256	56
Remeasurement	19,806	(6,863)	125
Exchange differences on translating foreign operations	2,130	(81)	13
Contributions by the employer	10,502	10,552	66
Benefits paid	(15,238)	(14,837)	(96)
Settlements	—	—	—
Acquisitions, disposals and reclassification to liabilities associated with assets held for sale (net)	(1,032)	—	(6)
Balance, end of year	¥ 418,474	¥ 393,423	\$ 2,631
Effect of the asset ceiling (Note)	(108,597)	(47,972)	(683)
Net amount of assets (liabilities) recorded in Consolidated statement of financial position	¥ 18,357	¥ 28,149	\$ 115

Note: The maximum economic benefit is determined by reductions in future contributions calculated by present value.

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 22% equity securities, 47% debt securities, and 31% 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 institutions.

The major categories of plan assets as of March 31, 2026 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	¥ 11,611	¥ —	¥ 11,611
Equity securities:			
Domestic	32,814	—	32,814
Foreign	72,703	—	72,703
Debt securities:			
Domestic	68,944	—	68,944
Foreign	118,566	—	118,566
Hedge funds	—	24,006	24,006
Life insurance company general accounts	—	44,563	44,563
Private equity	—	4,656	4,656
Others	—	40,611	40,611
Total	¥ 304,638	¥ 113,836	¥ 418,474

The major categories of plan assets as of March 31, 2025 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	¥ 37,181	¥ —	¥ 37,181
Equity securities:			
Domestic	33,472	—	33,472
Foreign	67,716	—	67,716
Debt securities:			
Domestic	60,346	—	60,346
Foreign	103,863	—	103,863
Hedge funds	—	21,784	21,784
Life insurance company general accounts	—	42,631	42,631
Private equity	—	2,216	2,216
Others	—	24,214	24,214
Total	¥ 302,578	¥ 90,845	¥ 393,423

The major categories of plan assets as of March 31, 2026 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	\$ 73	\$ —	\$ 73
Equity securities:			
Domestic	206	—	206
Foreign	457	—	457
Debt securities:			
Domestic	434	—	434
Foreign	745	—	745
Hedge funds	—	151	151
Life insurance company general accounts	—	280	280
Private equity	—	29	29
Others	—	256	256
Total	\$ 1,915	\$ 716	\$ 2,631

Principal assumptions used in the actuarial valuations for the years ended March 31, 2026 and 2025 are as follows:

	2026 (%)	2025 (%)
Discount rate as of March 31	3.4	2.5
The expected rate of salary increase	2.8	2.7

The changes in the key assumptions may affect the valuations of defined benefit obligations as of March 31, 2026 and 2025. A 0.5% increase in discount rate would lead to a decrease of ¥12,525 million (\$79 million) and ¥15,371 million, respectively. A 0.5% decrease in discount rate would lead to an increase of ¥14,955 million (\$94 million) and ¥18,429 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, 2027 are ¥11,488 million (\$72 million).

The weighted-average duration of the defined benefit obligation for the year ended March 31, 2026 is 17 years.

The Companies' pension and retirement benefits expense at the defined contribution plans for the years ended March 31, 2026 and 2025 are ¥9,729 million (\$61 million) and ¥8,437 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, 2027 are ¥919 million (\$6 million).

(2) Employee Benefits Expense

The employee benefits expense included in "Cost" for the years ended March 31, 2026 and 2025 are ¥236,112 million (\$1,484 million) and ¥216,468 million, respectively.

20. Common Stock

The numbers of shares authorized and issued as of March 31, 2026 and 2025 are as follows:

	2026 (Number of shares)	2025 (Number of shares)
Authorized:		
Ordinary shares	2,000,000,000	2,000,000,000
Issued:		
Balance, beginning of year	1,211,099,367	1,223,082,867
Adjustment for the year	327,300	(11,983,500)
Balance, end of year	1,211,426,667	1,211,099,367

The number of shares of treasury stock as of March 31, 2026 and 2025 included in the number of shares issued shown above are 18,766,168 shares and 1,092,736 shares, respectively.

The total number of issued shares as of March 31, 2026 has increased by 327,300 shares as a result of the issuance of new shares for performance-based restricted stock compensation.

Note: On May 1, 2026, the Board of Directors resolved to conduct a share split, which is scheduled to take effect on July 1, 2026. Each share of common stock will be split into four shares. The number of common shares above is calculated based on the number of shares before the share split.

21. 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.

(3) Impact of Additional Acquisition of shares of common stock of Subsidiary

On October 29, 2025, the Company and its wholly-owned subsidiary, SC Investments Management Inc., resolved to acquire shares of common stock of SCSK Corporation and the Stock Acquisition Rights through the tender offer under the Financial Instruments and Exchange Act. A series of transactions, including the tender offer conducted through SC Investments Management Inc., and the subsequent share consolidation, were in accordance with the objective of making SCSK Corporation a wholly-owned subsidiary of the Company.

As a result, the Company’s ownership interest in SCSK Corporation became 100%. The details of the additional acquisition of interests in SCSK Corporation are as follows:

	Millions of yen	Millions of U.S. Dollars)
Consideration transferred	¥ 879,449	\$ 5,528
Carrying amount of the additional interests acquired	156,791	986
Difference recognized in Additional paid-in capital	722,658	4,543

Note 1: The consideration transferred does not include transaction costs.

Note 2: As of March 31, 2026, ¥ 200,228 million of the consideration remains unpaid, and is not included in “Payment for acquisition of subsidiary's interests from non-controlling interests” in the Consolidated Statement of Cash Flows.

Note 3: As for a portion that Additional paid-in capital becomes negative due to the consideration paid to Non-controlling interests exceeding Carrying amount of Non-controlling interests acquired, the difference is deducted from Retained earnings.

22. Other Components of Equity and Other Comprehensive Income

The changes in Other components of equity for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Financial assets measured at FVTOCI			
Balance, beginning of year	¥ 132,937	¥ 211,423	\$ 836
Adjustment for the year	72,257	(28,986)	454
Transfer to Retained earnings	(24,622)	(49,500)	(155)
Balance, end of year	¥ 180,572	¥ 132,937	\$ 1,135
Remeasurements of defined benefit pension plans			
Balance, beginning of year	¥ —	¥ —	\$ —
Adjustment for the year	(5,971)	(8,306)	(38)
Transfer to Retained earnings	5,971	8,306	38
Balance, end of year	¥ —	¥ —	\$ —
Exchange differences on translating foreign operations			
Balance, beginning of year	¥ 691,143	¥ 781,383	\$ 4,345
Adjustment for the year	294,990	(90,240)	1,854
Balance, end of year	¥ 986,133	¥ 691,143	\$ 6,199
Cash-flow hedges			
Balance, beginning of year	¥ 71,626	¥ 85,189	\$ 450
Adjustment for the year	15,239	(13,563)	96
Balance, end of year	¥ 86,865	¥ 71,626	\$ 546
Hedging cost			
Balance, beginning of year	¥ 2,237	¥ (956)	\$ 14
Adjustment for the year	(845)	3,193	(5)
Balance, end of year	¥ 1,392	¥ 2,237	\$ 9
Other components of equity			
Balance, beginning of year	¥ 897,943	¥ 1,077,039	\$ 5,645
Adjustment for the year	375,670	(137,902)	2,361
Transfer to Retained earnings	(18,651)	(41,194)	(117)
Balance, end of year	¥ 1,254,962	¥ 897,943	\$ 7,889

The following table provides each component of Other comprehensive income included in Non-controlling interests for the years ended March 31, 2026 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Financial assets measured at FVTOCI	¥ (1,495)	¥ (1,525)	\$ (9)
Remeasurements of defined benefit pension plans	1,550	21	10
Exchange differences on translating foreign operations	3,664	(392)	23
Cash-flow hedges	(39)	(208)	(0)
Other comprehensive income	¥ 3,680	¥ (2,104)	\$ 24

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, 2026 and 2025.

2026

	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	¥ 85,133	¥ (22,164)	¥ 62,969
Adjustment for the year	85,133	(22,164)	62,969
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	(6,496)	1,689	(4,807)
Adjustment for the year	(6,496)	1,689	(4,807)
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	318,400	(2,056)	316,344
Reclassification to profit or loss for the year	(17,677)	(13)	(17,690)
Adjustment for the year	300,723	(2,069)	298,654
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	41,927	(10,658)	31,269
Reclassification to profit or loss for the year	(36,030)	8,888	(27,142)
Adjustment for the year	5,897	(1,770)	4,127
Hedging cost			
Unrealized gains (losses) arising during the year	1,242	(323)	919
Reclassification to profit or loss for the year	(2,380)	616	(1,764)
Adjustment for the year	(1,138)	293	(845)
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	22,064	110	22,174
Reclassification to profit or loss for the year	(2,922)	—	(2,922)
Adjustment for the year	19,142	110	19,252
Total other comprehensive income	¥ 403,261	¥ (23,911)	¥ 379,350

	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	¥ (32,869)	¥ 5,916	¥ (26,953)
Adjustment for the year	(32,869)	5,916	(26,953)
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	(10,853)	2,822	(8,031)
Adjustment for the year	(10,853)	2,822	(8,031)
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	(84,088)	(1,170)	(85,258)
Reclassification to profit or loss for the year	(5,301)	(73)	(5,374)
Adjustment for the year	(89,389)	(1,243)	(90,632)
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	(22,592)	6,312	(16,280)
Reclassification to profit or loss for the year	(10,775)	1,405	(9,370)
Adjustment for the year	(33,367)	7,717	(25,650)
Hedging cost			
Unrealized gains (losses) arising during the year	6,624	(1,722)	4,902
Reclassification to profit or loss for the year	(2,327)	618	(1,709)
Adjustment for the year	4,297	(1,104)	3,193
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	15,587	189	15,776
Reclassification to profit or loss for the year	(7,709)	—	(7,709)
Adjustment for the year	7,878	189	8,067
Total other comprehensive income	¥ (154,303)	¥ 14,297	¥ (140,006)

	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	\$ 535	\$ (139)	\$ 396
Adjustment for the year	535	(139)	396
Remeasurements of defined benefit pension plans:			
Gains (losses) recorded in other comprehensive income during the year	(41)	11	(30)
Adjustment for the year	(41)	11	(30)
Exchange differences on translating foreign operations:			
Aggregated adjustment during the year resulting from translation of foreign currency financial statements	2,001	(13)	1,988
Reclassification to profit or loss for the year	(111)	(0)	(111)
Adjustment for the year	1,890	(13)	1,877
Cash-flow hedges:			
Unrealized gains (losses) arising during the year	264	(67)	197
Reclassification to profit or loss for the year	(227)	56	(171)
Adjustment for the year	37	(11)	26
Hedging cost			
Unrealized gains (losses) arising during the year	8	(2)	6
Reclassification to profit or loss for the year	(15)	4	(11)
Adjustment for the year	(7)	2	(5)
Share of other comprehensive income of investments accounted for using the equity method:			
Unrealized gains (losses) arising during the year	138	1	139
Reclassification to profit or loss for the year	(18)	—	(18)
Adjustment for the year	120	1	121
Total other comprehensive income	\$ 2,534	\$ (149)	\$ 2,385

23. Dividends

Reserves available for distribution under the Companies Act is based on the amount of surplus recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

Reserves available for distribution under the Companies Act was ¥1,714,659 million as of March 31, 2026. The distributable amount may change up to the effective date of the distribution of dividends due to factors such as the Parent's acquisition of its own shares.

Dividends paid during the years ended March 31, 2026 and 2025 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 21, 2024	Ordinary shares	¥ 76,371 (\$ 509)	¥ 62.5 (\$ 0.42)	March 31, 2024	June 24, 2024
Board of Directors' meeting held on October 31, 2024	Ordinary shares	¥ 78,648 (\$ 525)	¥ 65.0 (\$ 0.43)	September 30, 2024	December 2, 2024
Ordinary general meeting of shareholders held on June 20, 2025	Ordinary shares	¥ 78,650 (\$ 494)	¥ 65.0 (\$ 0.41)	March 31, 2025	June 23, 2025
Board of Directors' meeting held on October 31, 2025	Ordinary shares	¥ 84,226 (\$ 529)	¥ 70.0 (\$ 0.44)	September 30, 2025	December 1, 2025

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 19, 2026 (to be held)	Ordinary shares	¥ 95,413 (\$ 600)	Retained earnings	¥ 80.0 (\$ 0.50)	March 31, 2026	June 22, 2026

Note: On May 1, 2026, the Board of Directors resolved to conduct a share split which is scheduled to take effect on July 1, 2026. Each share of common stock will be split into four shares. The above dividends per share are before the share split. For the details of the share split, please refer to "35. Subsequent Events."

24. Share-based Payments

Information relating to the Company's share-based payments is as follows:

(1) 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).

(2) Restricted performance share unit-based compensation Plan

The Company has introduced the "Restricted Performance Share Unit-Based 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-based restricted 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% (applicable to shares for which the evaluation period ends at the end of June 2026)) 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 with taking into account the advice of the Nomination and Remuneration Advisory Committee that this is appropriate.

25. 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 an appropriate balance between debt and equity 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 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 and Euros.

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. The analysis is based on the assumption that other factors such as the outstanding balance and interest rates are constant.

	U.S. Dollars			Euros		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026	2026	2025	2026
Profit (loss) before tax	¥ (545)	¥ 55	\$ (3)	¥ 499	¥ 491	\$ 3

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.

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, 2026 and 2025 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; and deposits which have not been settled at the end of the period.

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Profit (loss) before tax	¥ (17,680)	¥ (11,305)	\$ (111)

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.

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 years ended March 31, 2026 and 2025 are as follows:

2026		(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	¥ 22,440	¥ 31,673	¥ 54,113	¥ 3,815	¥ 1,253	¥ 19,836	¥ 24,904	¥ 79,017
Initial recognition, recoveries and others	(3,174)	8,336	5,162	279	662	5,791	6,732	11,894
Write-off	(3,536)	(4,991)	(8,527)	(67)	(22)	(350)	(439)	(8,966)
Exchange differences on translating foreign operations	3,500	2,983	6,483	403	1	25	429	6,912
Balance, end of year	¥ 19,230	¥ 38,001	¥ 57,231	¥ 4,430	¥ 1,894	¥ 25,302	¥ 31,626	¥ 88,857

2025

(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	¥ 15,217	¥ 21,661	¥ 36,878	¥ 4,013	¥ 422	¥ 28,595	¥ 33,030	¥ 69,908
Initial recognition, recoveries and others	9,859	15,506	25,365	(192)	832	(8,719)	(8,079)	17,286
Write-off	(3,562)	(5,070)	(8,632)	(6)	(1)	(43)	(50)	(8,682)
Exchange differences on translating foreign operations	926	(428)	498	0	0	3	3	501
Others	—	4	4	—	—	—	—	4
Balance, end of year	¥ 22,440	¥ 31,673	¥ 54,113	¥ 3,815	¥ 1,253	¥ 19,836	¥ 24,904	¥ 79,017

2026

(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	\$ 141	\$ 199	\$ 340	\$ 24	\$ 8	\$ 125	\$ 157	\$ 497
Initial recognition, recoveries and others	(20)	52	32	2	4	36	42	74
Write-off	(22)	(31)	(53)	(0)	(0)	(3)	(3)	(56)
Exchange differences on translating foreign operations	22	19	41	2	0	1	3	44
Balance, end of year	\$ 121	\$ 239	\$ 360	\$ 28	\$ 12	\$ 159	\$ 199	\$ 559

Carrying amount of financial assets Carrying amount of Trade and other receivables and Loans for the years as of March 31, 2026 and 2025 are as follows:

2026		(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	¥ —	¥ 2,764,571	¥ 91,945
Contract assets	—	18,788	97
Loans	68,022	59,148	28,554

2025		(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	¥ —	¥ 2,435,914	¥ 56,227
Contract assets	—	23,481	63
Loans	59,841	29,680	19,836

2026		(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	\$ —	\$ 17,378	\$ 578
Contract assets	—	118	1
Loans	428	372	179

The Companies' maximum credit exposure to credit risk is the carrying amount of the financial assets, and related collaterals held 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 electric power, 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, 2026 and 2025 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
2026				
Bonds and borrowings	¥ 951,667	¥ 1,719,817	¥ 1,505,629	¥ 4,177,113
Trade and other payables	2,469,849	31,925	27,604	2,529,378
Other current liabilities	200,228	—	—	200,228
Financial guarantee contracts	52,933	134,126	64,976	252,035
2025				
Bonds and borrowings	¥ 580,054	¥ 1,593,818	¥ 1,080,872	¥ 3,254,744
Trade and other payables	1,794,792	42,833	36,874	1,874,499
Other current liabilities	71,581	—	—	71,581
Financial guarantee contracts	53,946	78,162	61,889	193,997

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2026				
Bonds and borrowings	\$ 5,982	\$ 10,811	\$ 9,465	\$ 26,258
Trade and other payables	15,526	201	173	15,900
Other current liabilities	1,259	—	—	1,259
Financial guarantee contracts	333	843	408	1,584

The Companies' liquidity analysis for derivatives as of March 31, 2026 and 2025 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
2026					
Interest rate contracts	cash receipt	¥ 5,478	¥ 21,125	¥ 26,797	¥ 53,400
	/ (payment)	(4,534)	(18,163)	(17,618)	(40,315)
Foreign exchange contracts	cash receipt	93,137	60,618	55,064	208,819
	/ (payment)	(36,580)	(18,803)	(19,406)	(74,789)
Commodity contracts	cash receipt	419,132	94,278	—	513,410
	/ (payment)	(383,135)	(83,951)	—	(467,086)
2025					
Interest rate contracts	cash receipt	¥ 7,153	¥ 22,031	¥ 28,727	¥ 57,911
	/ (payment)	(2,653)	(7,187)	(4,914)	(14,754)
Foreign exchange contracts	cash receipt	25,960	72,141	47,722	145,823
	/ (payment)	(14,321)	(20,989)	(25,943)	(61,253)
Commodity contracts	cash receipt	199,394	46,039	—	245,433
	/ (payment)	(170,167)	(39,370)	—	(209,537)

		Millions of U.S. Dollars			
		Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
2026					
Interest rate contracts	cash receipt	\$ 34	\$ 133	\$ 169	\$ 336
	/ (payment)	(28)	(114)	(111)	(253)
Foreign exchange contracts	cash receipt	586	381	346	1,313
	/ (payment)	(230)	(118)	(122)	(470)
Commodity contracts	cash receipt	2,635	592	—	3,227
	/ (payment)	(2,409)	(528)	—	(2,937)

(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.

Other investments

The fair values of marketable securities are estimated by using quoted market prices. Fair values of unlisted investments in ordinary shares 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 by 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 by 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 by using quoted market prices.

Other current liabilities

The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

2. Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2026 and 2025 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	
	2026	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥ 2,563,979	¥ 2,696,791
Financial liabilities measured at amortized cost:		
Bonds and borrowings	¥ 4,177,113	¥ 4,140,387
Trade and other payables	1,734,970	1,734,392
Other current liabilities	200,228	200,228

	Millions of Yen	
	2025	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	¥ 2,321,515	¥ 2,291,503
Financial liabilities measured at amortized cost:		
Bonds and borrowings	¥ 3,254,744	¥ 3,241,532
Trade and other payables	1,498,142	1,497,661
Other current liabilities	71,581	71,581

	Millions of U.S. Dollars	
	2026	
	Carrying amounts	Fair value
Financial assets measured at amortized cost:		
Trade and other receivables	\$ 16,118	\$ 16,952
Financial liabilities measured at amortized cost:		
Bonds and borrowings	\$ 26,258	\$ 26,027
Trade and other payables	10,906	10,903
Other current liabilities	1,259	1,259

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.

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2026 and 2025 are as follows:

	Millions of Yen			
	2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 5,839	¥ —	¥ 87,572	¥ 93,411
Financial assets measured at FVTOCI	207,836	—	166,347	374,183
Trade and other receivables measured at FVTPL	—	333,274	24,074	357,348
Other financial assets (derivatives)				
Derivatives designated as hedges	—	164,811	—	164,811
Derivatives not designated as hedges	288,526	308,569	7,762	604,857
Total	¥ 502,201	¥ 806,654	¥ 285,755	¥ 1,594,610
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (794,408)	¥ —	¥ (794,408)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(45,966)	—	(45,966)
Derivatives not designated as hedges	(264,891)	(264,975)	(3,642)	(533,508)
Total	¥ (264,891)	¥ (1,105,349)	¥ (3,642)	¥ (1,373,882)

	Millions of Yen			
	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	¥ 5,240	¥ —	¥ 107,033	¥ 112,273
Financial assets measured at FVTOCI	194,773	—	122,990	317,763
Trade and other receivables measured at FVTPL	—	178,133	21,053	199,186
Other financial assets (derivatives)				
Derivatives designated as hedges	—	143,897	—	143,897
Derivatives not designated as hedges	174,737	124,122	282	299,141
Total	¥ 374,750	¥ 446,152	¥ 251,358	¥ 1,072,260
Liabilities:				
Trade and other payables measured at FVTPL	¥ —	¥ (376,357)	¥ —	¥ (376,357)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(30,318)	—	(30,318)
Derivatives not designated as hedges	(169,569)	(81,465)	(3,659)	(254,693)
Total	¥ (169,569)	¥ (488,140)	¥ (3,659)	¥ (661,368)

	Millions of U.S. Dollars			
	2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities and other investments				
Financial assets measured at FVTPL	\$ 37	\$ —	\$ 550	\$ 587
Financial assets measured at FVTOCI	1,306	—	1,046	2,352
Trade and other receivables measured at FVTPL	—	2,095	151	2,246
Other financial assets (derivatives)				
Derivatives designated as hedges	—	1,036	—	1,036
Derivatives not designated as hedges	1,814	1,939	49	3,802
Total	\$ 3,157	\$ 5,070	\$ 1,796	\$ 10,023
Liabilities:				
Trade and other payables measured at FVTPL	\$ —	\$ (4,994)	\$ —	\$ (4,994)
Other financial liabilities (derivatives)				
Derivatives designated as hedges	—	(287)	—	(287)
Derivatives not designated as hedges	(1,665)	(1,666)	(23)	(3,354)
Total	\$ (1,665)	\$ (6,947)	\$ (23)	\$ (8,635)

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, 2026 is as follows:

	Millions of Yen			
	2026			
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Trade and other Receivables (FVTPL)	Net other financial assets (liabilities)
Balance, beginning of year	¥ 107,033	¥ 122,990	¥ 21,053	¥ (3,377)
Purchases	24,119	6,248	—	—
Comprehensive income				
Profit (loss) for the year (Note 1)	(4,169)	—	3,021	7,497
Other comprehensive income (Note 2)	4,975	30,087	—	—
Disposals	(43,496)	(12,914)	—	—
Settlements	(690)	(2,186)	—	—
Others (Note 3)	(200)	22,122	—	—
Balance, end of year	¥ 87,572	¥ 166,347	24,074	¥ 4,120

Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	¥ 5,315	¥ —	¥ 3,021	¥ 4,152
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	Millions of U.S. Dollars			
	2026			
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Trade and other Receivables (FVTPL)	Net other financial assets (liabilities)
Balance, beginning of year	\$ 673	\$ 774	\$ 132	\$ (21)
Purchases	151	39	—	—
Comprehensive income				
Profit (loss) for the year	(26)	—	19	47
Other comprehensive income	31	189	—	—
Disposals	(273)	(81)	—	—
Settlements	(5)	(14)	—	—
Others	(1)	139	—	—
Balance, end of year	\$ 550	\$ 1,046	\$ 151	\$ 26

Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	\$ 33	\$ —	\$ 19	\$ 26
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Note 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.

Note 2: The impact of exchange rate fluctuations (included in Exchange differences on translating foreign operations) is included.

Note 3: The impact of transfers from investments accounted for using the equity method to financial assets measured at FVTOCI 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 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, 2026 and 2025, net gains or losses for hedged items are net gains of ¥8,499 million (\$53 million) and ¥18,617 million, respectively, and net gains or losses for hedging instruments are net losses of ¥8,499 million (\$53 million) and ¥18,617 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, 2026 and 2025, 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 ¥1,518 million (\$10 million) and ¥4,567 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.

The fair values of derivative instruments as of March 31, 2026 and 2025 are as follows:

2026

	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	¥ 5,123	¥ 39,916	¥ —	¥ 2,400	¥ 47,439
Foreign exchange contracts	16,004	103,543	157	89,115	208,819
Commodity contracts	—	68	—	513,342	513,410
Total	¥ 21,127	¥ 143,527	¥ 157	¥ 604,857	¥ 769,668
Other financial assets (current)					549,998
Other financial assets (non-current)					231,384
Total					¥ 781,382
[Derivative liabilities]					
Interest rate contracts	¥ (37,108)	¥ (125)	¥ —	¥ 226	¥ (37,008)
Foreign exchange contracts	(3)	(7,173)	—	(67,613)	(74,789)
Commodity contracts	—	(965)	—	(466,121)	(467,086)
Total	¥ (37,111)	¥ (8,263)	¥ —	¥ (533,508)	¥ (578,883)
Other financial liabilities (current)					(461,059)
Other financial liabilities (non-current)					(133,865)
Total					¥ (594,924)

Other than the above, the Companies have foreign currency borrowings of ¥99,412 million (\$625 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 ¥234,259 million (\$1,473 million).

	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	¥ 7,520	¥ 43,255	¥ —	¥ 1,006	¥ 51,781
Foreign exchange contracts	6,351	86,532	223	52,717	145,823
Commodity contracts	—	16	—	245,417	245,433
Total	¥ 13,871	¥ 129,803	¥ 223	¥ 299,141	¥ 443,037
Other financial assets (current)					157,864
Other financial assets (non-current)					206,131
Total					¥ 363,995
[Derivative liabilities]					
Interest rate contracts	¥ (11,875)	¥ (1,923)	¥ —	¥ (422)	¥ (14,220)
Foreign exchange contracts	(207)	(16,173)	(4)	(44,869)	(61,253)
Commodity contracts	—	(136)	—	(209,401)	(209,537)
Total	¥ (12,082)	¥ (18,232)	¥ (4)	¥ (254,693)	¥ (285,010)
Other financial liabilities (current)					(113,971)
Other financial liabilities (non-current)					(86,841)
Total					¥ (200,812)

Other than the above, the Companies have foreign currency borrowings of ¥101,927 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 ¥73,625 million.

	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	\$ 32	\$ 251	\$ —	\$ 15	\$ 298
Foreign exchange contracts	101	651	1	560	1,313
Commodity contracts	—	0	—	3,227	3,227
Total	\$ 133	\$ 902	\$ 1	\$ 3,802	\$ 4,838
Other financial assets (current)					3,457
Other financial assets (non-current)					1,455
Total					\$ 4,912
[Derivative liabilities]					
Interest rate contracts	\$ (234)	\$ (1)	\$ —	\$ 1	\$ (234)
Foreign exchange contracts	\$ (0)	(45)	—	(425)	(470)
Commodity contracts	—	(7)	—	(2,930)	(2,937)
Total	\$ (234)	\$ (53)	\$ —	\$ (3,354)	\$ (3,641)
Other financial liabilities (current)					(2,898)
Other financial liabilities (non-current)					(841)
Total					\$ (3,739)

26. 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. There are no significant changes in the contract assets balances during the year ended March 31, 2026.

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, 2026. Also, the amount of Contract liabilities that was included in the beginning balance as of April 1, 2025 and from which revenue has not been recognized during the year ended March 31, 2026 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, 2026 and 2025 are ¥2,628,512 million (\$16,523 million) and ¥2,405,885 million. These remaining performance obligations include contracts such as long-term sales contracts in energy business and in biomass fuel business, and are deemed to be recognized as revenue within 22 years

at March 31, 2026. 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.

27. 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 ¥23,983 million (\$151 million) and losses of ¥15,045 million are included in the Consolidated statement of comprehensive income for the years ended March 31, 2026 and 2025, respectively.

28. Selling, General and Administrative Expenses

The components of Selling, general and administrative expenses for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Employee benefits expenses	¥ 596,928	¥ 548,477	\$ 3,752
Equipment expenses	158,938	154,297	999
Travel and transportation expenses	34,395	33,188	216
Outsourcing expenses	99,570	90,483	626
Advertising expenses	23,764	21,382	149
Amortization of intangible assets	33,435	26,379	210
Provision for loss allowance	14,064	28,216	89
Others	150,300	137,310	945
Selling, general and administrative expenses	¥ 1,111,394	¥ 1,039,732	\$ 6,986

Equipment expenses disclosed above mainly include rental expenses and depreciation of Property, plant and equipment.

The remuneration for directors for the years ended March 31, 2026 and 2025 is ¥1,339 million (\$8 million) and ¥1,204 million, respectively.

29. Finance Income and Costs

The components of Finance income and costs for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Interest income:			
Financial assets measured at amortized cost and others	¥ 72,957	¥ 70,703	\$ 459
Derivatives	—	—	—
Total	¥ 72,957	¥ 70,703	\$ 459
Interest expense:			
Financial liabilities measured at amortized cost and others	¥ (103,404)	¥ (104,778)	\$ (650)
Derivatives	18,577	19,923	116
Lease liabilities	(13,594)	(13,099)	(85)
Total	¥ (98,421)	¥ (97,954)	\$ (619)
Dividends:			
Financial assets measured at FVTPL	¥ 61	¥ 81	\$ 0
Financial assets measured at FVTOCI	12,113	14,845	77
Total	¥ 12,174	¥ 14,926	\$ 77
Gain (loss) on securities and other investments, net:			
Financial assets measured at FVTPL	¥ 3,683	¥ 23,559	\$ 23
Others	43,334	14,488	272
Total	¥ 47,017	¥ 38,047	\$ 295

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, 2026 and 2025 are gains of ¥14,348 million (\$90 million) and ¥3,412 million, respectively.

In addition to the above, gains or losses on revaluation of derivatives not designated as hedges for the years ended March 31, 2026 and 2025 are gains of ¥36,796 million (\$231 million) and ¥54,716 million included in “Revenues” and “Cost,” and gains of ¥178 million (\$1 million) and ¥1,120 million included in “Other, net,” respectively.

Interest income from financial assets measured at amortized cost for the years ended March 31, 2026 and 2025 are included in “Revenues” in the amount of ¥13,721 million (\$86 million) and ¥14,964 million, respectively, and interest expense from financial liabilities measured at amortized cost is included in “Cost” in the amount of ¥1,432 million (\$9 million) and ¥2,456 million in “Cost,” respectively.

30. Income Tax

Income tax expense for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Current tax	¥ 87,683	¥ 86,932	\$ 551
Deferred tax	(35,966)	(331)	(226)
Total	¥ 51,717	¥ 86,601	\$ 325

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, 2026 and 2025. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

Additionally, the Company recognizes corporate income taxes arising from tax laws related to the Pillar 2 model rule published by the Organization for Economic Co-operation and Development, as part of the corporate income tax expense in the Consolidated statement of comprehensive income. However, the impact on our group's performance is immaterial.

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, 2026 and 2025 are as follows:

	2026 (%)	2025 (%)
The applicable income tax rate in Japan	31.0	31.0
Tax effect on equity-accounted investees	(11.3)	(11.1)
Tax effect on expenses not deductible for tax purposes	0.4	0.3
Difference in applicable tax rate of foreign subsidiaries	(3.7)	(3.1)
Tax effect of the assessment of the recoverability of Deferred tax assets	(6.7)	(2.4)
Others-net	(2.3)	(2.2)
The Companies' average effective income tax rate	7.4	12.5

The tax effects of temporary differences that give rise to significant components of Deferred tax assets and liabilities as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Net operating loss carryforwards	¥ 48,685	¥ 25,437	\$ 306
Securities and other investments	12,378	8,180	78
Inventories and long-lived assets	96,160	93,447	604
Loss allowance	15,649	11,238	98
Others	96,976	98,242	610
Deferred tax assets total	¥ 269,848	¥ 236,544	\$ 1,696
Deferred tax liabilities:			
Investments accounted for using the equity method	¥ (81,118)	¥ (89,984)	\$ (510)
Securities and other investments	(66,801)	(49,495)	(420)
Long-lived assets	(176,699)	(172,260)	(1,111)
Retirement benefit plans	(5,209)	(7,230)	(32)
Others	(27,998)	(28,404)	(176)
Deferred tax liabilities total	¥ (357,825)	¥ (347,373)	\$ (2,249)

Deferred tax assets and liabilities reported in the Consolidated statement of financial position as of March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Deferred tax assets	¥ 51,818	¥ 48,246	\$ 326
Deferred tax liabilities	(139,795)	(159,075)	(879)

Changes in Deferred tax assets and liabilities for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Net Deferred tax assets (liabilities):			
Balance, beginning of year	¥ (110,829)	¥ (111,113)	\$ (697)
Amount recognized in other comprehensive income:			
Financial assets measured at FVTOCI	(22,164)	5,916	(139)
Remeasurements of defined benefit pension plans	1,689	2,822	11
Exchange differences on translating foreign operations	(2,069)	(1,243)	(13)
Cash-flow hedges	(1,770)	7,717	(11)
Hedging cost	293	(1,104)	2
Share of other comprehensive income of investments accounted for using the equity method	110	189	1
Amount recognized in profit or loss	35,966	331	226
Effects of acquisitions and divestitures	10,797	(14,344)	67
Balance, end of year	¥ (87,977)	¥ (110,829)	\$ (553)

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. 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, 2026 and 2025 is an increase of ¥31,779 million (\$200 million) and a decrease of ¥27,074 million, respectively.

The Company revised its estimate of future taxable profit based on the expected participation of our subsidiary, SCSK Corporation, in the group tax sharing system. Consequently, deferred tax assets are newly recognized at the end of the current fiscal year in respect of tax losses and deductible temporary differences. As a result of this change in accounting estimates, the Company recognized profit of ¥30,402 million in “Income tax expense” in the Consolidated Statement of Comprehensive Income.

The Company recognized deferred tax assets on the national tax in Japan but did not recognize deferred tax assets on the local tax for deductible temporary differences and unused tax losses, considering the recoverability. Including them, the amounts of unused tax loss carryforwards and deductible temporary differences for which no Deferred tax asset is recognized, because it is not probable that sufficient future taxable income will be generated, amounted to ¥624,886 million (\$3,928 million) and ¥139,001 million (\$874 million) as of March 31, 2026 and ¥559,967 million and ¥210,393 million as of March 31, 2025, respectively. The deductible temporary differences do not expire under current tax legislation.

The tax losses for which Deferred tax assets are not recognized as of March 31, 2026 and 2025 expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
1st year	¥ 60,515	¥ 33,699	\$ 380
2nd year	9,017	60,538	57
3rd year	86,038	8,626	541
4th year	42,235	84,657	265
5th year and thereafter	427,081	372,447	2,685
Total	¥ 624,886	¥ 559,967	\$ 3,928

Other current assets as of March 31, 2026 and 2025 include tax receivables of ¥16,098 million (\$101 million) and ¥10,987 million, respectively.

As of March 31, 2026 and 2025 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, 2026 and 2025 totaled to ¥ 1,134,758 million (\$7,133 million) and ¥955,786 million, respectively.

31. Earnings per Share

A calculation of the basic and diluted earnings per share for the years ended March 31, 2026 and 2025 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Earnings per share (attributable to owners of the parent) :			
Basic	¥ 499.09	¥ 463.66	\$ 3.14
Diluted	498.66	463.32	3.13
Numerator (Millions of Yen)			
Profit used to calculate basic earnings per share and diluted earnings per share:			
Profit (loss) attributable to owners of the parent	¥ 600,334	¥ 561,859	\$ 3,774
Adjustment to profit or loss	(487)	(355)	(3)
Profit used to calculate basic earnings per share	599,847	561,504	3,771
Adjustment to profit or loss	487	355	3
Profit used to calculate diluted earnings per share	600,334	561,859	3,774
Denominator (Shares)			
Weighted-average shares:			
Weighted-average shares-basic	1,201,869,131	1,211,018,580	
Dilutive effect of:			
Share-based remuneration	2,014,409	1,661,270	
Weighted-average shares-diluted	1,203,883,540	1,212,679,849	

Note : On May 1, 2026, the Board of Directors resolved to conduct a share split which is scheduled to take effect on July 1, 2026. Each share of common stock will be split into four shares. The above figures are based on the number of shares before the share split. For the details of the share split, please refer to “35. Subsequent Events.”

32. Cash Flow Information

Supplemental disclosure of cash flow information for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Acquisition of businesses:			
Total consideration paid	¥ (22,537)	¥ (299,956)	\$ (142)
Cash and cash equivalents included in assets acquired	189	28,255	2
Acquisition of businesses, net of cash and cash equivalents acquired	¥ (22,348)	¥ (271,701)	\$ (140)

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 years ended March 31, 2026 and 2025 are ¥28,986 million (\$182 million) and ¥3,227 million, respectively.

Each major class of assets and liabilities at the point of sale for the years ended March 31, 2026 and 2025 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Cash and cash equivalents	¥ 5,074	¥ 904	\$ 32
Trade and other receivables	7,148	1,837	45
Property, plant and equipment	9,104	3,225	57
Intangible assets	2,467	18	16
Other assets	21,431	3,934	135
Current liabilities	(16,402)	(2,716)	(103)
Non-current liabilities	(3,819)	(160)	(24)

Changes in liabilities arising from financing activities for the years ended March 31, 2026 and 2025 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, 2024	¥ 212,803	¥ 73,180	¥ 2,382,038	¥ 533,712	¥ 505,108	¥ 3,706,841
Cash flows	72,210	(72,060)	(105,583)	157,016	(77,238)	(25,655)
Non-cash changes						
Increase in lease liabilities	—	—	—	—	127,335	127,335
Increase (decrease) of changes in fair value	5	—	(7,308)	(3,320)	—	(10,623)
Increase through business combinations	10,257	—	24,462	—	11,713	46,432
Deconsolidation of subsidiaries	(456)	—	—	—	—	(456)
Exchange rate changes	(8,987)	(1,120)	(21,353)	(35,406)	(21,668)	(88,534)
Others	6,662	—	38,674	(682)	(16,356)	28,298
Balance as of March 31, 2025	¥ 292,494	¥ —	¥ 2,310,930	¥ 651,320	¥ 528,894	¥ 3,783,638
Cash flows	182,364	(2,761)	403,783	250,203	(77,427)	756,162
Non-cash changes						
Increase in lease liabilities	—	—	—	—	99,068	99,068
Increase (decrease) of changes in fair value	(47)	—	(25,924)	(11,144)	—	(37,115)
Increase through business combinations	2,421	—	825	86	2,784	6,116
Deconsolidation of subsidiaries	(5,732)	—	(1,702)	—	(2,327)	(9,761)
Exchange rate changes	13,780	2,761	50,785	23,776	(394)	90,708
Others	4,311	—	31,856	2,728	(21,068)	17,827
Balance as of March 31, 2026	¥ 489,591	¥ —	¥ 2,770,553	¥ 916,969	¥ 529,530	¥ 4,706,643

For the year ended March 31, 2026

	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, 2025	\$ 1,839	\$ —	\$ 14,527	\$ 4,094	\$ 3,325	\$ 23,785
Cash flows	1,146	(17)	2,538	1,573	(487)	4,753
Non-cash changes						
Increase in lease liabilities	—	—	—	—	623	623
Increase (decrease) of changes in fair value	(0)	—	(163)	(70)	—	(233)
Increase through business combinations	15	—	5	1	17	38
Deconsolidation of subsidiaries	(36)	—	(10)	—	(15)	(61)
Exchange rate changes	87	17	319	149	(2)	570
Others	27	—	200	17	(132)	112
Balance as of March 31, 2026	\$ 3,078	\$ —	\$ 17,416	\$ 5,764	\$ 3,329	\$ 29,587

In the Consolidated statement of cash flows, other than the items listed above, Net increase in short-term debt includes deposits from associates.

33. Subsidiaries

The Companies' subsidiaries as of March 31, 2026 are as follows:

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
Steel	Sumitomo Corporation Global Metals Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Summit Steel Co., Ltd.	Osaka-shi, Osaka	84.63 (84.63)
	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)
	B&L Pipeco Services	Houston, U.S.	100.00 (100.00)
	P2 Energy Services	Spring, U.S.	100.00 (100.00)
	Sumisho Metal (Thailand) Co.,Ltd.	Samrong, Thailand	100.00 (100.00)
	Steelsummit Holdings, Inc.	Murfewwsboro, U.S.	100.00 (100.00)
	Others (18 Companies)		
Automotive	KIRIU Corporation	Ashikaga, Tochigi	100.00
	Sumitomo Corporation Power and Mobility Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Toyota Ukraine	Khiwo, Ukraine	100.00
	Summit Auto Group	Jakarta, Indonesia	100.00 (0.01)
	Summit Motors Vladivostok	Vladivostok, Russia	100.00
	Summit Capital Leasing	Bangkok, Thailand	100.00 (0.84)
	Moto-Pfohe EOOD	Sofia, Bulgaria	100.00
	Aimo Park Sweden	Stockholm, Sweden	100.00
	Toyota Libya	Misrata, Libya	100.00
	Others (18 Companies)		
Transportation & Construction Systems	Sumitomo Precision Products Co., Ltd.	Amagasaki, Hyogo	100.00
	Sumisho Aero-Systems Corporation	Chiyoda-ku, Tokyo	100.00
	SMS Construction and Mining Systems Inc.	Acheson, Canada	100.00 (10.00)
	Tecnologia Para La Construcción Y Minería S.L.	Madrid, Spain	100.00
	Sumitec International, Ltd.	Moscow, Russia	100.00

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	SC Construction Machinery (Shanghai) Corporation	Shanghai, China	100.00 (10.00)
	Sunstate Equipment Co. LLC	Phoenix, U.S.	100.00 (100.00)
	Linder Industrial Machinery	Plant City, U.S.	100.00 (100.00)
	Aver Asia (S) Pte Ltd	Singapore	100.00
	Others (9 Companies)		
Diverse Urban Development	Sumitomo Shoji Machinex Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Sumisho Global Logistics Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	IG Kogyo Co., Ltd.	Higashine, Yamagata	65.68
	Zhu Li (Jinan) Real Estate	Jinan, China	100.00
	Thang Long Industrial Park II Corporation	Hung Yen, Vietnam	100.00 (25.93)
	Others (35 Companies)		
Media & Digital	SCSK Corporation	Koto-ku, Tokyo	100.00 (44.44)
	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)
	IN Venture II	Tel Aviv, Israel	99.00 (1.00)
	Others (13 Companies)		
Lifestyle Business	Summit, Inc.	Suginami-ku, Tokyo	100.00
	Tomod's	Bunkyo-ku, Tokyo	100.00
	SC Foods Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	SC Pharmacies.Co.,Ltd	Shinjuku-ku, Tokyo	100.00
	Highline Produce Limited	Leamington, Canada	100.00
	SC Healthcare Holdings	Kelana Jaya, Malaysia	100.00
	Fyffes International	Geneva, Switzerland	100.00 (100.00)
	Others (15 Companies)		
Mineral Resources	SUMISHO METALEX CORPORATION	Chiyoda-ku, Tokyo	100.00
	Sumitomo Corporation Global Commodities Limited	London, U.K.	100.00

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	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
	SC Quebrada Blanca SPA	Santiago, Chile	100.00
	SCMI	London, U.K.	100.00
	SC MINERAL RESOURCES	Sydney, Australia	100.00 (30.00)
	Others (10 Companies)		
Chemical Solutions	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
	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)
	SUMMIT RURAL (WA) PTY LIMITED	Kwinana, Australia	100.00 (20.00)
	Agro Amazonia Produtos Agropecuarios S.A	Cuiabá, Brazil	100.00
	Nativa Agronegocios & Representacoes	Minas Gerais, Brazil	100.00 (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 (13.49)
	SUMMIT AGRO SOUTH AMERICA SPA	San Diego, Chile	100.00
	Interacid North America	Florida, U.S.	100.00 (100.00)
	Others (22 Companies)		
Energy Transformation Business	Summit Energy Corporation	Chiyoda-ku, Tokyo	100.00
	P.T. Central Java Power	Jakarta, Indonesia	100.00 (25.00)
	Enessance Holdings Co., Ltd.	Minato-ku, Tokyo	53.86
	BS HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo	100.00
	SUMI ENERGY VENTURES LLC	Chiyoda-ku, Tokyo	100.00
	Summit Renewable Energy Europe Limited	London, U.K.	100.00

Business segment	Name of subsidiary	Place of incorporation and operation	Proportion of voting power held by the Companies (%)
	Perennial Power Holdings	Texas, U.S.	100.00 (100.00)
	SRPT SAS	Paris, France	100.00
	SRPN SAS	Paris, France	100.00
	Pacific Summit Energy LLC	Irvine, U.S.	100.00 (100.00)
	Summit Forests New Zealand Limited	Auckland, New Zealand	100.00
	Summit Southern Cross Power Holdings	Perth, Australia	100.00
	Others (60 Companies)		
Others	Yasato Kosan Co., Ltd.	Chiyoda-ku, Tokyo	100.00
	Sumitomo Corporation of Americas	New York, U.S.	100.00
	Sumitomo Corporation (China) Holding Ltd.	Beijing, China	100.00
	Sumitomo Corporation Asia & Oceania Pte. Ltd.	Singapore	100.00
	Sumitomo Corporation Do Brasil S.A.	Sao Paulo, Brazil	100.00
	Sumitomo Corporation Taiwan Ltd.	Taipei, Taiwan	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
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong, China	100.00
	Sumitomo Corporation (Europe) Limited	London, U.K.	100.00
	Others (38 Companies)		

Notes:

1. As of March 31, 2026, a total of 346 sub-consolidated subsidiaries are excluded from the count above. These include companies that are sub-consolidated by other subsidiaries.
2. 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.

34. 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 ¥1,302,785 million (\$8,189 million) as of March 31, 2026. Scheduled deliveries are at various dates through 2045. The Companies also have entered into financing contract for loans and capital investment, and use of equipment contract, which amounts for ¥894,384 million (\$5,622 million) as of March 31, 2026. Of that amount, ¥166,507 million (\$1,047 million) is accounted for contract with equity-accounted investees.

For lease commitments to which the Companies are the lessees, refer to Note 8.

(2) Guarantees

The Companies enter into various guarantee agreements. These agreements include credit enhancement for equity-accounted investees, suppliers and customers.

The undiscounted maximum amounts of potential future payments for each major group of guarantees are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Guarantees for indebtedness of:			
Equity-accounted investees	¥ 129,180	¥ 131,317	\$ 812
Third parties	122,855	62,680	772
Total	¥ 252,035	¥ 193,997	\$ 1,584

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 ¥636 million (\$4 million) as of March 31, 2026. 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 2044. Some of the guarantees are secured by counter guarantees, whose balances are ¥7,357 million (\$46 million) as of March 31, 2026. 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 related 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 subject, in the ordinary course of business, to legal actions and other claims that do not result in litigation. However, management believes that none of these matters will have a material adverse effect on the Companies' financial condition or results of operations.

35. Subsequent Events

Significant subsequent events as of June 12, 2026, 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 1, 2026, 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) Method of repurchases: Purchase on the Tokyo Stock Exchange Class of shares to be repurchased: Common stock
- (2) Total number of shares to be repurchased: Up to 22 million shares (*)
(Ratio to the number of outstanding shares (excluding treasury stock) about 1.8%)
- (3) Aggregate repurchase amount: Up to ¥80,000 million (\$503 million)
- (4) Period for repurchases: From May 7, 2026 to March 31, 2027
- (5) Method of repurchases: Purchase on the Tokyo Stock Exchange

*Note: Please refer to the "Notice Regarding Share Split and Partial Amendment to the Articles of Incorporation" dated May 1, 2026.

After the effective date of the share split on July 1, 2026, the total number of shares to be repurchased as set forth in (2) above will be up to 88 million shares.

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: April 9, 2027

(Reference)

Number of treasury stock shares (as of March 31, 2026)

Number of outstanding shares (excluding treasury stock): 1,192,660,499 shares

Number of treasury stock shares: 18,766,168 shares

Share Split

At a meeting of its Board of Directors held on May 1, 2026, the Company has resolved to conduct a share split and make a partial amendment to its articles of incorporation in conjunction with this split.

1. Overview of the share split

(1) Purpose of the share split

By lowering the stock price per investment unit of the Company's common stock, the Company aims to create a more accessible investment environment for investors, as well as increasing the liquidity of its shares and further expanding our investor base.

(2) Method of the share split

Each share of common stock owned by shareholders listed or recorded in the register of shareholders on the record date of June 30, 2026 will be split into four shares.

(3) Number of shares to be increased by the share split

Total number of outstanding shares prior to the share split (June 30, 2026)	1,195,115,184
Number of shares to be increased by the share split	3,585,345,552
Total number of outstanding shares after the share split	4,780,460,736
Total number of shares authorized to be issued after the share split	8,000,000,000

(4) Schedule of the share split

Public notice of record date (scheduled)	June 15, 2026
Record date	June 30, 2026
Effective date	July 1, 2026

(5) Other

The share split will not result in any change in the Company's capital.

2. Partial amendment to the Articles of Incorporation

(1) Purpose of the amendment

In accordance with this share split, by resolution of the Board of Directors pursuant to Article 184 (2) of the Companies Act of Japan, the Company will make the following partial amendment to the Articles of Incorporation, effective from July 1, 2026.

(2) Detail of the amendment

(Changed portions are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
ARTICLE 6. TOTAL NUMBER OF AUTHORIZED SHARES The total number of shares the Corporation is authorized to issue shall be <u>two billion (2,000,000,000)</u> shares.	ARTICLE 6. TOTAL NUMBER OF AUTHORIZED SHARES The total number of shares the Corporation is authorized to issue shall be <u>eight billion (8,000,000,000)</u> shares.

(3) Schedule of the amendment

Date of the Board of Directors' resolution	May 1, 2026
Effective date	July 1, 2026

The transfer of equity interests in the Ambatovy Nickel Project

The Company, through its wholly owned subsidiary Summit Ambatovy Mineral Resources Investment B.V. (hereinafter "SAMRI"), holds a 54.17% equity interest in Ambatovy Minerals S.A., a nickel mining company, and Dynatec Madagascar S.A., a nickel refining company (hereinafter "Project Companies"). At a meeting of the Board of Directors held on May 1, 2026, the Company resolved to transfer all equity interests in SAMRI and its two subsidiary Project Companies to Ambatovy Mineral Resources Investment Holding Company.

In the consolidated financial results for the first quarter of the fiscal year ending March 31, 2027, the Company expects to record losses of approximately ¥55,000 million (\$346 million) in "Gain (loss) on securities and other investments, net" and approximately ¥15,000 million (\$94 million) in "Other, net," in connection with the transfer. In addition, the Company expects to recognize tax effects associated with the tax losses expected to arise from the transfer and record a reduction in "income tax expense"; accordingly, the net impact on profit and loss, including such effects, is expected to be limited.

36. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by Shingo Ueno, Representative Director, President and Chief Executive Officer, and Reiji Morooka, Representative Director, Executive Vice President and Chief Financial Officer, on June 12, 2026.

Independent Auditor's Report

To the Board of Directors of Sumitomo Corporation:

Report on the Audit of the Consolidated Financial Statements

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, 2026, 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, 2026, 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 of public interest entities 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.

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 ¥668,371 million were recognized, which accounted for 4.9% 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 ¥24,409 million, arising from the acquisition of the parking business in Nordic countries. As described in Note 3, “Significant 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	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

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 a group of cash-generating units to which intangible assets were allocated. Since the recoverable amount exceeded the carrying amount, no impairment loss was recognized. While the excess amount was ¥9,558 million, if there are changes in key assumptions, recognition of an impairment loss may become necessary. 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 from 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 a significant matter in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	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 from 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 from the parking business with available external data on potential market growth. 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. In addition, we analyzed the sensitivity to changes in input data used to estimate the discount rate on the judgment as to whether an impairment loss should be recognized.
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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. The audit and supervisory committee is 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 the Audit and Supervisory Committee 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 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.

The audit and supervisory committee is 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee 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.

We also provide the audit and supervisory committee 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 the audit and supervisory committee, 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, 2026 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 subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Kenji Kasajima
Designated Engagement Partner
Certified Public Accountant

Takeshi Takahashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 12, 2026