

July 20, 2020

Sumitomo Corporation
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Notice of Impairment Loss

Sumitomo Corporation (hereinafter “Sumitomo”) will recognize an impairment loss of approximately 55 billion yen relating to Ambatovy Nickel Project in Madagascar in the 1st quarter of FY 2020 (April 1st 2020 to June 30th 2020). In addition to this impairment loss on a consolidated basis, a valuation loss of subsidiary shares will also be booked on a non-consolidated basis.

1. The recognition of impairment loss in Ambatovy Nickel Project

Background and reason for the impairment loss

In 2005, Sumitomo participated in the Ambatovy Nickel Project in Madagascar tasked with establishing nickel operations that integrate processes from mining through to refining. Sumitomo, through Summit Ambatovy Mineral Resources Investment B.V. (Head Office: Amsterdam Netherlands, hereinafter “**SAMRI**”), its wholly-owned subsidiary, has invested in Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, (Head Office: Antananarivo Madagascar, hereinafter “**Project Companies**”) at 47.7% share ratio respectively. The Project is jointly operated with Korea Resources Corporation (Head Office: Gangwon – do Korea, Share ratio 40.3%) and Sherritt International Corporation (Head Office: Ontario Canada, Share ratio 12%).

As a result of reassessing the business plan in relation to the stoppage of operation due to the spread of COVID-19 and the decline in mid-long term nickel price outlook, Project Companies have determined that it will be difficult to recover the entire carrying value of the fixed assets and have accordingly posted an impairment loss up to the recoverable amount. Consequently, Sumitomo will recognize a loss in its consolidated and non-consolidated financial statements as follows:

(1) Consolidated Financial Statement

SAMRI will recognize a loss of approximately 55 billion yen as “Share of loss of investments accounted for using the equity method” in relation to its investments in Project Companies.

(2) Non-consolidated Financial Statements of Sumitomo

Sumitomo will recognize a loss of approximately 80 billion yen as “Valuation loss on investment securities” in relation to its investment in SAMRI under “Non-operating expense”.

2. Forecast on consolidated earnings

Consolidated earnings forecast for fiscal year ending March 31st 2021 will be announced as soon as practical, and will include the impairment loss explained above.

3. Dividend forecast

Sumitomo will not revise the dividend forecast of 70 yen per share on an annual basis for the fiscal year ending March 31st 2021, as announced on May 8th 2020.

Note: Cautionary Statement Concerning Forward-looking Statements

This notice includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this notice are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of Sumitomo's business strategies. Sumitomo may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. Sumitomo is under no obligation – and - expressly disclaims any such obligation - to update or alter its forward-looking statements.