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Sumitomo Corporation Business Report

NEWS

152nd Newsletter to Shareholders
April 1, 2019 through March 31, 2020

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Maintaining Financial Soundness toward Prompt Recovery of Earning Capacity

Representative Director
President and Chief Executive Officer **Masayuki Hyodo**

The world is currently in a state of turmoil. In the last fiscal year, economic growth softened worldwide partly due to trade tensions between the U.S. and China, as evidenced by limited recovery of the U.S. economy and deepening economic slowdown in China. Moreover, the outbreak of the novel coronavirus (COVID-19) over the end of the fiscal year has substantially restricted economic activities in every region of the world, causing the global economy to plunge into a recession. Under these circumstances, Sumitomo Corporation Group's consolidated net income in fiscal 2019 totaled ¥171.4 billion, falling short of the initial forecast by ¥168.6 billion with a decrease of ¥149.2 billion from the previous fiscal year. Excluding one-off items, net income was ¥248.0 billion, a decrease of approximately ¥81.0 billion from the previous year. This decline in profit was caused by the worsening business environment throughout the fiscal year which led to a substantial drop in profit for the Metal Products, Transportation & Construction Systems, and Mineral Resources, Energy, Chemical & Electronics Business Units, as well as lack of results that were expected from some of our efforts to increase the value of existing businesses.

In addition, we recorded approximately ¥77.0 billion one-off losses for the year, including impairments and write-downs as a result of the rapid economic deterioration and the sharp decline in oil price over the end of the fiscal year.

The business environment for fiscal 2020 remains uncertain as it depends on a combination of factors such as the lockdown period, consumer trends and recovery of the supply chain in each region we operate our businesses in, making it difficult to legitimately compile the numbers for the year. Given this situation, we have decided to withhold announcing the forecast for net income for the time being, while announcing a plan to pay annual dividend at ¥70 per share. We will strive to maintain the trust of our shareholders by announcing the forecast promptly after necessary information to foresee the impact of COVID-19 on our business becomes available.

This is the final fiscal year of our Medium-Term Management Plan 2020. However, amid the uncertainty continuing, we will prioritize maintaining financial soundness until the end of COVID-19 comes into sight. Sumitomo Corporation Group will implement specific measures to maximize cash generation in each business, while simultaneously managing the cash flows more precisely by reviewing investment and loan prospects on a strictly selective basis and thoroughly reducing costs.

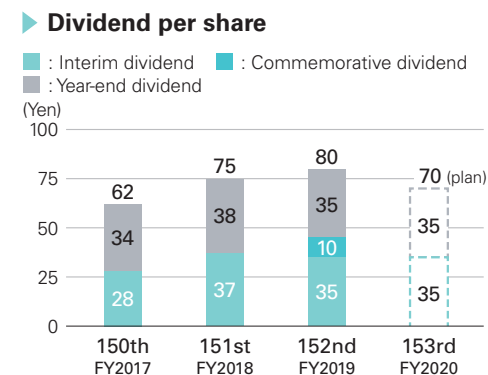
Maintaining financial soundness, we will continue the promotion of our growth strategy of the Medium-Term Management Plan and will reshape our business portfolio. Taking into account the ongoing paradigm shift in people's behavior and social structures triggered by COVID-19, as well as issues the society and corporations must engage in such as climate change, we will pursue our businesses by addressing social issues, based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles.

I take seriously the fact our results for fiscal 2019 fell so far below the forecasts. Although the business environment is expected to remain challenging in fiscal 2020, Sumitomo Corporation Group will endeavor to return to the growth trajectory as soon as possible by taking proactive approaches to the ever-changing situation, and further increase our enterprise value. We ask for your continuous support in our endeavors.

Annual Dividend in Fiscal 2019 is ¥80 per Share Annual Dividend Forecast in Fiscal 2020 will be ¥70 per Share

We aim to increase dividends by achieving medium and long-term earnings growth while adhering to the fundamental policy of paying shareholders a stable dividend over the long term. In the three-year Medium-Term Management Plan 2020 from April 2018, we decide the dividend amount in view of the situations regarding basic profit* and cash flow, with a consolidated payout ratio of 30% as our guideline. Our consolidated net income in fiscal 2019 resulted in ¥171.4 billion due to rapid deterioration of business environment along with the worldwide outbreak of COVID-19. Although the result was lower than the forecast announced on February 7, 2020, the annual dividend for fiscal 2019 is ¥80 per share (ordinary dividend of ¥70 and commemorative dividend of ¥10 per share) following our fundamental policy of paying shareholders a stable dividend over the long term and the fact that the decrease in earnings was mainly caused by one-off losses not impacting our cash flow. The year-end dividend is ¥35 per share since the interim dividend was ¥45 per share (ordinary dividend of ¥35 and commemorative dividend of ¥10 per share).

The annual dividend for fiscal 2020 is projected to be ¥70 per share, the same as the ordinary dividend amount of fiscal 2019 (interim and the year-end dividend of ¥35 per share each), amount for commemorative dividend is eliminated. This is based on our fundamental policy of paying shareholders a stable dividend over the long term, though negative impacts on our financial performance are inevitable with the current business environment.

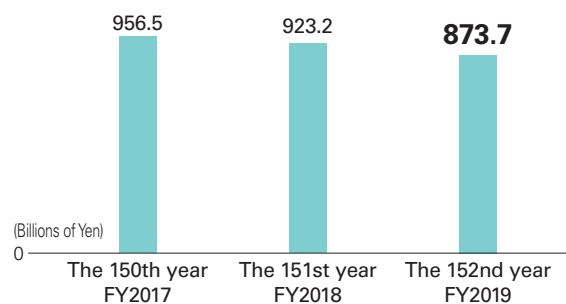


* Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method

Changes in primary management indicators

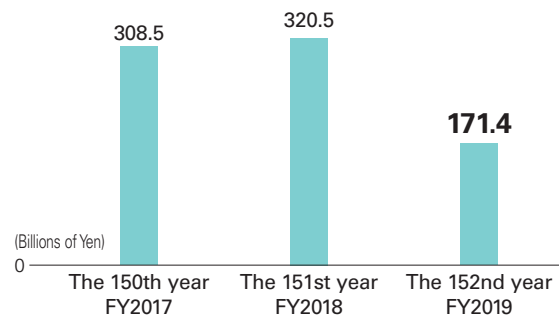
Gross Profit

¥873.7 billion



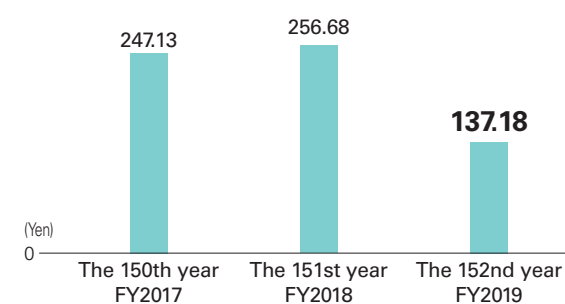
Consolidated Net Income

¥171.4 billion



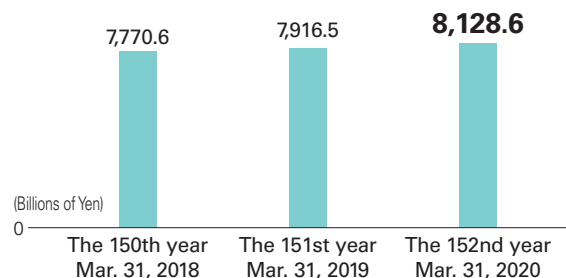
Consolidated Net Income per Share

¥137.18



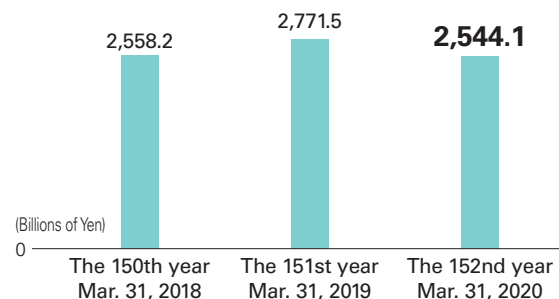
Total Assets

¥8,128.6 billion



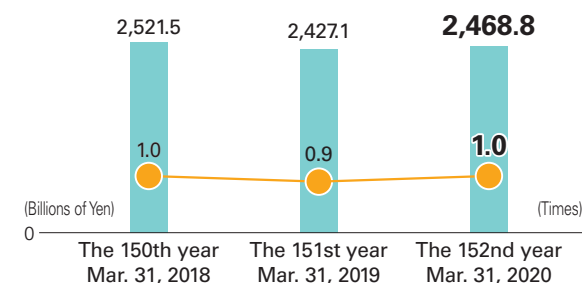
Shareholders' Equity

¥2,544.1 billion



Interest-Bearing Liabilities (Net) / Debt-Equity Ratio (Net)

Interest-Bearing Liabilities (Net) Debt-Equity Ratio (Net)
¥2,468.8 billion 1.0 times



Glossary of terms

Interest-Bearing Liabilities (Net)

Gross interest-bearing liabilities (bank borrowing, corporate bonds, commercial paper, etc.) that must be repaid with interest, minus cash and cash equivalents.

Debt-Equity Ratio (Net)

The value of interest-bearing liabilities (net) divided by shareholders' equity; an indicator of financial soundness.

*In this publication, "consolidated net income" corresponds to "profit for the year attributable to owners of the parent" under IFRS and "shareholders' equity" corresponds to "equity attributable to owners of the parent."

Cash Flow Results

The basic profit cash flow*¹ for fiscal 2019 was limited to an inflow of ¥239.0 billion because of the worsening business environment. Net cash used in other activities was ¥50.0 billion due to an increase in working capital. On the other hand, in asset replacement, we recovered funds of approximately ¥120.0 billion through the sale of offshore wind farms in the United Kingdom and the restructuring of the aircraft engine leasing business.

We executed investments of approximately ¥350.0 billion primarily for the acquisition of the parking provider in northern Europe and the acquisition of office buildings in the U.S. As a result, free cash flow*² after dividends for fiscal 2019 was an outflow of approximately ¥30.0 billion. However, the cumulative total for two years of the Medium-Term Management Plan 2020 achieved positive of approximately ¥100.0 billion.

Though cash inflows are expected to decline significantly compared to the original plan due to the impact of COVID-19, we will generate further cash flow by screening investment severely and steadily executing asset replacement to hold back the decrease of free cash flow, and enhance financial soundness by reducing interest-bearing liabilities.

► Cash Flow Results

(Billions of Yen)

	Cumulative total			(reference) Original plan (Apr. 2018 - Mar. 2021)
	FY2018	FY2019	(Apr. 2018 - Mar. 2020)	
Basic profit cash flow	+290.0	+239.0	+529.0	+1,200.0
Depreciation and amortization	+111.8	+115.3	+227.2	
Asset replacement	+240.0	+120.0	+360.0	+600.0
Others	-120.0	-50.0	-170.0	
New investment and replacement	-300.0	-350.0	-650.0	-1,300.0
Free cash flow	+217.6	+73.2	+290.8	
Dividend	-88.7	-103.7	-192.3	-300.0
Free cash flow (post-dividend)	+128.9	-30.5	+98.4	

*1 Basic profit cash flow = Basic profit - Share of profit (loss) of investments accounted for using the equity method + Dividend from investments accounted for using the equity method

*2 Excluding approx. ¥50.0 billion of increase in depreciation by adopting IFRS 16 "Leases"

Consolidated net income or loss by segment / Overview

Metal Products Business Unit

- Metal Products Business Unit posted loss of ¥50.0 billion, a decrease of ¥90.5 billion from the previous fiscal year, primarily due to recording losses from impairment and write-down of inventory and decrease in earnings of tubular products business in the U.S. and low performance of overseas steel service centers.

Transportation & Construction Systems Business Unit

- Transportation & Construction Systems Business Unit posted profit of ¥30.0 billion, a decrease of ¥22.0 billion from the previous fiscal year, due to low performance of ship business and automotive related business and decrease in earnings of construction equipment sales & marketing business.

Infrastructure Business Unit

- Infrastructure Business Unit posted profit of ¥61.7 billion, a decrease of ¥2.7 billion from the previous year. IPP/IWPP business has kept solid performance in addition to the stable progress in construction of large-scale projects in power infrastructure business.

Media & Digital Business Unit

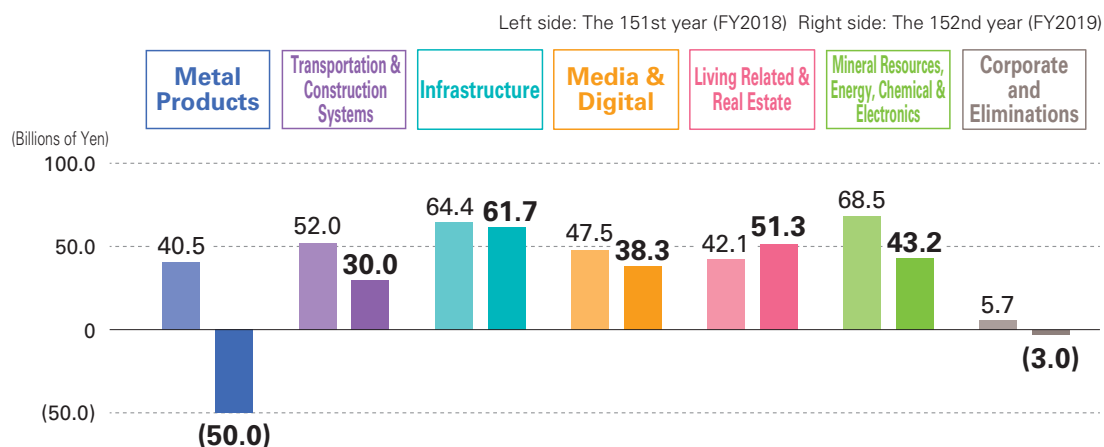
- Media & Digital Business Unit posted profit of ¥38.3 billion, a decrease of ¥9.2 billion from the previous year, due to the absence of earnings by telecommunication business in Myanmar caused by the change of their fiscal year and one-off profit from asset replacement in the previous year, while major domestic group companies showed stable performance.

Living Related & Real Estate Business Unit

- Living Related & Real Estate Business Unit posted profit of ¥51.3 billion, representing an increase of ¥9.2 billion from the previous year. Major domestic group companies and the real estate business have kept solid performance.

Mineral Resources, Energy, Chemical & Electronics Business Unit

- Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of ¥43.2 billion, a decrease of ¥25.3 billion from the previous year, due to decrease in earnings from San Cristobal silver-zinc-lead mining projects in Bolivia and companies related to coal business in Australia which were impacted mainly by lower mineral resources prices, while absence of the impact from impairment loss posted in the Nickel mining and refining business in Madagascar in the previous year.



Sumitomo Corporation Group deploys its global business operations in a wide range of industries, placing the “Six Material Issues to Achieve Sustainable Growth with Society” as the core of corporate management.

Metal Products Business Unit



Supporting Regional Manufacturing Industry Acquisition of an American steel service center

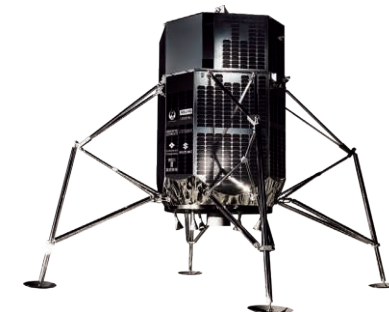
In June 2019, SteelSummit Holdings (“SSH”), our wholly owned subsidiary in the U.S. acquired Magic Steel Sales.

Nashville, Tennessee based SSH operates steel sheet processing facilities in Tennessee and Ohio and has major customers in the automotive, appliance and construction industries. Magic Steel was founded in Grand Rapids, Michigan in 1974 and operates facilities in Michigan and Alabama. Magic serves a variety of markets and has a strong presence in the steel office furniture market. This investment has made it possible to increase coverage of the demand for steel sheets for automobiles across the U.S. Furthermore, the stable demand of the newly acquired customer base in the steel furniture industry will help to strengthen our existing well-balanced portfolio. The U.S. is a growing market for our steel service center business. Therefore, we have allocated resources in order to increase our presence and market share. This investment is the first step to broaden our footprint in this sector and reinforce our value chain. We aim to expand the earnings base of the flat-rolled metals business in the U.S. and continue to contribute in the development of the American manufacturing sector.

Established in 1974, Magic Steel of the U.S.



The lunar lander of HAKUTO-R, the commercial lunar exploration program



Spacesuits also described as a mini-spacecraft equipped with life-support system to protect astronauts
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Transportation & Construction Systems Business Unit



Supporting Space Development for a Better Future

Partner for HAKUTO-R, the world's first commercial lunar exploration program

With the commercial space development in sight, Sumitomo Corporation became a partner in ispace's HAKUTO-R, the world's first commercial lunar exploration program, in August 2019. The potential for low-cost space transport, including supply to the moon, will be explored.

Expectations are rising for the private sector in space transport, with NASA inviting public proposals for cargo services to the moon. Clean energy businesses are also being explored, such as lunar surface experiments for hydrogen-based society and CO₂-free cities, space-based solar power, or nuclear-fusion power generation using helium-3 thought to exist on the moon surface. In order to achieve such businesses, new technologies must be developed to substantially reduce the cost of space transport.

Through HSSSI*, a joint venture with Raytheon Technologies Corporation, we have been involved in government-led international space development, such as space suit and environmental control system development and manufacturing. In NASA's Artemis program for manned lunar exploration by 2024, we are developing space suits and life support systems for the Gateway, the transit base for the mission to land on the moon.

We have stepped into the next stage of space development through these initiatives, and will contribute to achieving an enriched society through a new challenge toward commercial space development.

*HSSSI: Hamilton Sundstrand Space Systems International



Infrastructure Business Unit



Contributing to Indonesia's Power Infrastructure Development through Earliest-stage Involvement in First-ever Geothermal Projects

Commercial operation commences at Muara Laboh Geothermal Power Plant

The Muara Laboh Geothermal Power Plant that Sumitomo Corporation has been developing in Indonesia's West Sumatra Province began commercial operation in December 2019. The plant will supply electricity equivalent to the usage of 420,000 households on Sumatra Island over the next 30 years.

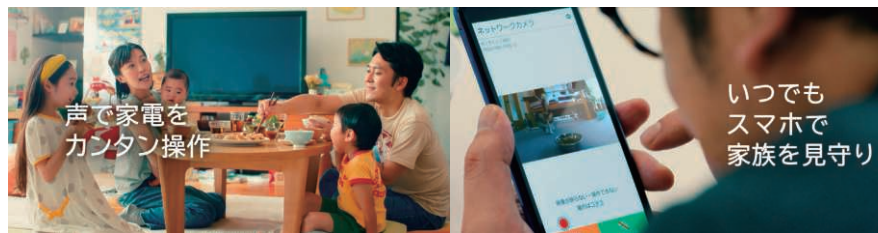
We first became involved in the construction of geothermal power plants in Indonesia in the mid-1990s, and have completed 17 power generation units with approximately 900 megawatts. These make up half the geothermal power generation capacity of Indonesia, which is the No.1 construction track record among integrated trading companies.

With this extensive experience, we started the Muara Laboh geothermal power project in 2011. This was our first full-scale participation in a geothermal IPP* project, as well as being a first for a Japanese company to take part from the earliest stage (before exploration drilling) overseas. Despite the many difficulties faced, we persevered in our effort together with our investment partners and finally achieved commercial operations after about nine years of development.

It is vital for Indonesia, where high economic growth continues, to leverage its second largest geothermal resources in the world, and by 2028 the current geothermal power generation capacity is planned to be tripled. Taking the advantage of our extensive experience in geothermal construction and IPP projects, we will keep contributing to Indonesia's power infrastructure development and ongoing economic development.

*IPP: Independent Power Producer. A business operator involved in selling power as an owner of a power generation facility.

The Muara Laboh Geothermal Power Plant supporting power supply in Indonesia



"Convenience!!"... Home appliance control by voice

"Safety!!"... Home video monitoring by smartphone

Media & Digital Business Unit



J:COM Launches New Services in Support of a Comfortable Everyday Life

Providing new TV experiences and enriched lifestyles

Jupiter Telecommunications (J:COM) of the Sumitomo Corporation Group is expanding a range of lifestyle-related services to support superior entertainment and everyday life.

In June 2019, J:COM HOME, a new home IoT service was launched. The service provides customers with greater convenience, comfort, and safety for everyday life by enabling home monitoring system and appliance operations while outside, as well as voice control for TV and other devices while at home. J:COM Mesh Wi-Fi is another new service from October that provides stable high-speed Wi-Fi connections incorporating advanced technologies such as AI to help users handle the increasing number of mobile devices and smart appliances in their homes, to realize a more convenient and comfortable life infrastructure. J:COM LINK, a new TV tuner, was also launched in December, featuring a voice program search and recommendation function. J:COM provides new TV experiences allowing users to enjoy 4K and a variety of broadcast contents together with video streaming services like Netflix and DAZN on large-screen TVs in their homes.

Sumitomo Corporation Group aims to expand services that enrich our lives and make them more comfortable in a digital society, and to create new value by providing various 5G services.



Managed Care Service for Better Medical Service and People's Healthier Life

Sumitomo Corporation enters managed care service in Malaysia

Managed care service is a system that is popular in countries with limited public healthcare systems. In those countries including Malaysia, the system is embedded in the social infrastructure that contributes to people's healthy life and optimizes the overall medical cost by supporting their daily healthcare and disease prevention on affordable and better medical services.

In March 2019, Sumitomo Corporation made a full-scale entry into the Malaysian managed care market by acquiring two major service companies, PMCare and Health Connect Holdings.

These companies support optimizing medical and administration costs of society by providing services such as checking billing details when employees of member companies receive medical services at clinics and hospitals and making their medical payments on behalf of the employing companies.

Since entering this market, we have introduced a range of services for PMCare members. One of the prominent services is a remote prescription drug delivery service operating on a smartphone app.

Going forward, we are aiming to expand our membership and service network to further contribute to people's better healthcare in Asian countries.



The headquarters of PMCare, a managed care company that Sumitomo Corporation has acquired



Promoting AI and IoT applications for mining equipment



Supporting Mining Development with Predictive Services Utilizing AI and IoT

Investment in a software developer of maintenance analytics for mining equipment

Sumitomo Corporation acquired a stake in Relialytics, a company developing an AI-based predictive maintenance service for mining equipment, in June 2019.

In recent years mining development have been automated and optimized to reduce costs and increase productivity. Maintenance of mining equipment remains dependent on the intuition and experience of skilled workers, and there are needs for visualization and optimization of the maintenance process using data and AI.

Relialytics provides a service which analyzes data obtained from lubricant oil using AI and detects equipment malfunction or signs of failure to propose the optimal maintenance regime, adaptable to all types of mining equipment. Furthermore, Relialytics is currently developing a software for this service that can be used in the front lines, and is working to upgrade the system so that it can analyze not just lubricant but temperature, vibration and other data.

This investment will improve the operations of Sumitomo Corporation's existing mines, and contribute to social infrastructure improvement by expanding AI and IoT-based services in fields surrounding mines.

Please visit the website below to view the details of Material Issues of the Sumitomo Corporation Group.

<https://www.sumitomocorp.com/en/jp/sustainability/material-issues>

Sumitomo Corporation Material Issues

Search

Building a New Future Beyond All Organizational Barriers

MIRAI LAB PALETTE is a members-only open innovation laboratory opened by Sumitomo Corporation in April 2019 as part of its 100th anniversary celebrations. Its core concept is to break away from established conventions and provide a place where people from completely different background can come together, discover the latest technologies and inspire each other, and in the process to create new value beyond all types of organizational barriers.

After a nine-month trial period, it relocated in January 2020 to Otemachi Building to go into full operation as a distinct space featuring a permanent digital art installation by teamLab, a collective-interdisciplinary creative group.

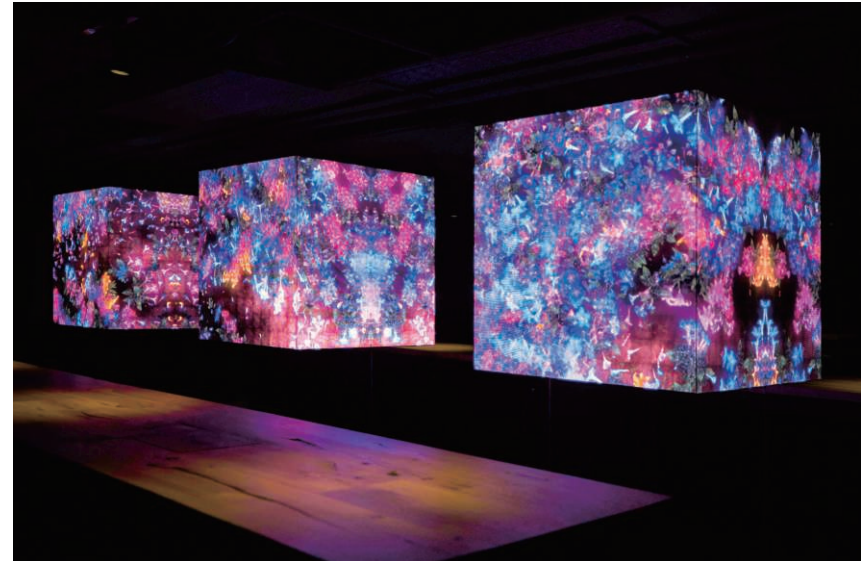
A broad palette of programs and events serve to bring together and mutually inspire a diverse array of people. These include a business co-creation program that supports business with experts in a wide range of genres from frontier business to art, and the 0 → 1 Challenge, a global intrapreneurial program for employees of the Sumitomo Corporation Group to propose new businesses. Together with diverse partners such as HAX Tokyo, which provides a hardware accelerator program, and Tokyo University of the Arts,* our collaboration partner in human resources and sustainable businesses development, we will create new value in multiple ways by developing a laboratory that is characterized by diversity, and takes on all types of challenges and experiments.

* Cultural Diplomacy and Art Business Group, COI Site, Tokyo University of the Arts

MIRAI LAB PALETTE

Search

<https://www.sumitomocorp.com/ja/jp/palette/index.html>



Artwork by teamLab, featuring the copper of the Besshi Mines with flowers and light, illuminates MIRAI LAB PALETTE and represents the laboratory's desire to become a symbol of unceasing creation of new values, endlessly changing from the founding period to the present and into the future



The "base" (left) for multi-functional use by individuals or on project basis to drive business creation by members with a high level of variability, and the "hub" (right) with artworks and a gallery to promote various events and collaboration between members



Future of Energy Division



Executive Officer
General Manager, Energy
Division

Hajime Mori

Joined Sumitomo Corporation in 1988. General Manager of E&P and Natural Gas Business Dept. in 2013, a posting in Houston, then General Manager of Energy Div. in 2019. Assumed current position in April 2020.

A Broad Approach to Business Development from Upstream to Middle and Downstream of Energy Industry

The Energy Division is extensively involved with the value chain from the upstream to middle and downstream in the oil and gas business. It has a leading role in the Hydrogen Working Group, the company-wide project, and is actively engaged in the creation of new value with clean energy in the broad-based energy industry.

Achieving a stable supply of LNG for Japan

Natural gas and liquefied natural gas (LNG) are one of the core businesses for Sumitomo Corporation. Demand for natural gas is increasing worldwide in recent years as an essential resource to achieve a low-carbon society, as it generates relatively less CO₂ compared to oil or coal. LNG is produced by cooling natural gas to 162 degrees Celsius below zero for easier transportation and storage. Since the U.S. became an exporter of LNG following the Shale Revolution of the late 2000s, many energy companies have begun to construct plants to liquefy natural gas and export LNG. In 2013 Sumitomo Corporation Group concluded a 20-year agreement with Dominion Energy for use of its Cove Point LNG export terminal in Maryland. In 2014 we established ST Cove Point, a joint venture with Tokyo



Natural gas liquefaction plant
at Cove Point LNG terminal



LNG ship docked at Cove
Point

Gas, to undertake this project. Commercial production began in April 2018, reaching annual shipments of 2.3 million tons of LNG to Tokyo Gas and Kansai Electric Power. Unlike previous LNG agreements, this project involves a tolling agreement, in which a liquefaction service is outsourced to a terminal operator, and therefore requires the ability to self-procure the natural gas to be liquefied at the terminal. Pacific Summit Energy (PSE), a member of the Sumitomo Corporation Group, has been engaged in the natural gas trading business in the U.S. since 2004. It provides a steady supply of LNG to Japan leveraging its many years of experience and precise operational capabilities to procure natural gas from the market.

Engaging in business platforms

The main business of Enessance Holdings (Enessance), in which Sumitomo Corporation invests within the Group, is retail sales providing consumers with liquefied petroleum gas (LPG) placed in cylinders at filling plants. Following the Great East Japan Earthquake, supply of LPG was the first to be restored as a distributed energy source. The fact that it can be transported in cylinders gives it extra resilience against disasters. Enessance



Inspections and cylinder
replacement by skilled staff



Enessance's LPG tank truck

directly sells to 300,000 households nationwide, and also supplies another 300,000 households through distributors. It prioritizes health, safety, security, and the environment (HSSE), always putting the customer first. Enessance has built a strong customer base through relations of trust via its home solutions business that provides not just LPG but also gas appliances, home renovation, and retail power. Having this serve as a platform, Sumitomo Corporation Group will expand to other businesses as well.

Promoting the hydrogen business

Action on climate change is recognized as one of the global material issues. Sumitomo Corporation focuses on hydrogen, which is considered as an ultimate clean energy, free of CO₂ emissions. Our 'Hydrogen Working Group' is currently involved in several projects, including feasibility studies and pilot projects to produce CO₂-free hydrogen by using inexpensive renewable energy to utilize it as fuels for the transportation sector. We are also engaged in the demonstration of CO₂-free hydrogen production and utilization in Japan, using the electrolyzer of our strategic partner ITM Power (UK).

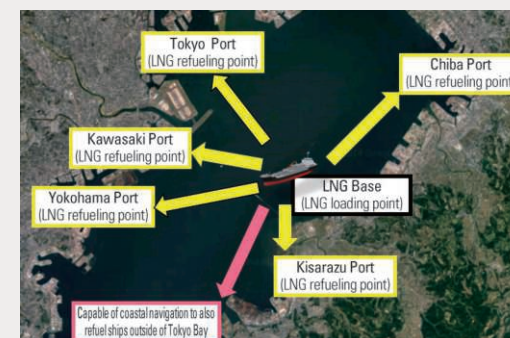


Booth at Int'l Hydrogen & Fuel Cell Expo (FC EXPO)

Promoting LNG bunkering business

Sumitomo Corporation launched the Ship-To-Ship LNG Bunkering Business in Tokyo Bay to promote the use of eco-friendly LNG fuel with the diversification of marine fuel following the imposition of tighter sulfur oxide (SOx) restrictions in 2020. The upper limit for sulfur content in heavy fuel oil, the main type of marine fuel at present, was lowered from 3.5% to 0.5% under the new restrictions in January, for all sea areas worldwide. Environmental regulations in the maritime shipping industry, such as greenhouse gas emission controls based on the Paris Agreement, are expected to become increasingly tougher domestically and internationally. To quickly respond to such trends, Sumitomo Corporation has secured an LNG bunkering vessel to ensure the steady bunkering of LNG fuel and compliant marine fuel oil* through Ecobunker Shipping (EBS), a joint venture with Yokohama-Kawasaki International Port Corporation, Uyeno Transtech, and the Development Bank of Japan.

The Ministry of Land, Infrastructure, Transport and Tourism has selected this project to receive subsidies for the designated facility development project for advanced function of ports and harbors. Currently under construction is Asia's first bunkering vessel capable of supplying both LNG and compliant marine fuel oil, with a 2,500m³ tank and 1,500m³ tank for each type of fuel. The compliant marine fuel oil tank will eventually be converted to an LNG tank as demand for LNG fuel increases, making the vessel solely dedicated to supplying LNG fuel. We will promote the use of eco-friendly alternative marine fuel and aim to turn Tokyo Bay into a major LNG supply base, while also expanding the business abroad.



Planned operations (based in Tokyo Bay)

* Compliant marine fuel oil: Oil that complies with the new Sox restrictions and has a sulfur content of less than 0.5%

Israeli CVC Operation “IN Venture”



Creating new value by integrating advanced technology in Israel with Sumitomo Corporation

IN Venture is a CVC operation that was founded in Israel by Sumitomo Corporation which became active in June 2019. This is our fifth venture investment location following Silicon Valley, Tokyo, Hong Kong, and London.

Some 1,000 start-ups are established each year in Israel, supported by its geopolitical position, military service, culture of accepting failure, and willingness to take challenges. Over 6,000 start-up companies are active in this country. We will integrate these superb technologies and business models born from “Start-up Nation” with Sumitomo Corporation, and create new businesses

through evolution and innovation.

IN Venture is led by two Israelis, Mr. Eitan Naor and Mr. Eyal Rosner, having robust regional networks with strong local influence, and operated by a five Israeli and two Japanese member team. This joint Israeli-Japanese team is actively working together to pinpoint opportunities as an insider in the domestic ecosystem of Israel.

The vision of IN Venture is “Impact society through disruptive Israeli innovation powered by Sumitomo Corporation.” Through engaging with start-ups, it seeks out a new Israeli-led, high-impact value creation for Sumitomo.

CVC: Corporate Venture Capital



Tel Aviv, an innovation hub facing the Mediterranean Sea, is a World Heritage Site in itself



The launch party held in Israel in February 2020 was attended by many Israeli and Japanese guests



Members of the investment team of IN Venture



Principal
IN Venture
Hiroyuki Takata

IN Venture is focused on mobility, IT/ cyber security, digital healthcare, energy, and agriculture/food. It invests in companies that can create new value in collaboration with the Sumitomo Corporation Group, and is also deeply involved with business development after the investment. We aim to achieve Israeli-led innovation for the Sumitomo Corporation Group worldwide, together with highly talented members of IN Venture.

My Favorite

Despite its vast deserts, Israel has over 90% self-sufficiency in food through advanced agricultural technology. The vegetables and fruits are so delicious but Israeli wine is the best. Jerusalem and the Dead Sea are great tourist destinations to visit but I would also recommend the winery tours.



A winery near Nazareth

Sumitomo Corporation Group's activities in Israel

Leading innovation from the advanced technology powerhouse of Israel

HISTORY ● Israel's advanced technology in the spotlight

"Start-up Nation" Israel has lately come to the attention of global corporations for its vast number of start-ups. Sumitomo Corporation first started looking closely at Israel in mid-2017, and acquired a stake in A.A.A Taranis Visual Ltd. in 2018, and in CropX Technologies Limited in 2019, through Sumitomo Corporation Europe. These investments brought us into contact with Israel's ecosystems, leading to the founding of IN Venture.

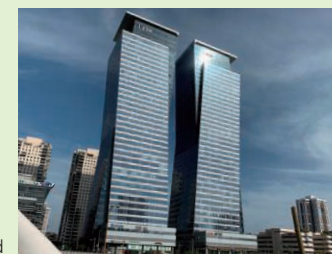


Taranis technology capturing farmland with a high-precision camera on a Cessna

PRESENT ● Office established to facilitate local innovation

Sumitomo Corporation established Tel Aviv Liaison Office in December of last year to explore business development, not only for the investments in start-ups by IN Venture, but also as a user and business partner for corporations possessing advanced technologies that are already commercialized.

Alon Towers, where the office is located



FUTURE ● Leveraging Israel's technological capabilities to create new value

Sumitomo Corporation promotes "Unceasing Challenge for New Value Creation" under its Medium-Term Management Plan. IN Venture serves as the catalyst to link the various businesses of the Sumitomo Corporation Group with the start-up ecosystem of Israel, leading the creation of value through digital transformation unique to Sumitomo Corporation.



The Tel Aviv office shared with IN Venture



Based on Sumitomo's business philosophy, the Group has adapted to the changes, overcome the challenges and successfully developed. We will introduce the achievements of the forefathers of Sumitomo.

First Director-General of the Sumitomo Family

Saihei Hirose (1828 - 1914)

Modernizing the Besshi Copper Mines and Laying the Foundations for Business Development

After Sumitomo opened the Besshi Copper Mines in 1691, copper production in Japan became No.1 worldwide by the end of the 17th century. The mine continued to supply export copper for the Tokugawa Shogunate all through the Edo period until 1866. Copper from Besshi was exported to the Netherlands and China for 180 years until the final days of the Shogunate, supporting its overseas trade in Nagasaki as it provided a number of East Asian countries with copper coin materials, helping to develop monetary economies.

However, in the mid-19th century, copper mine development in the American continent caused the price of copper around the world to drop, while in Japan, the trading system in Nagasaki collapsed with the opening of the port of Yokohama. The Tokugawa Shogunate was overthrown, with a new government poised to take over the Besshi Copper Mines. Saihei Hirose bravely fought this management crisis. He became general manager of the Besshi Copper Mines in 1865 at the age of 38 and made a counterargument in 1868 saying, "It is surely against national interests for an inexperienced and new government to take over this copper mine that the Sumitomo family has been independently operating." His

opinion moved the new government to allow the family to continue managing the Besshi Copper Mines. Afterwards, Hirose also very much opposed the idea of selling the Besshi Copper Mines as planned by executives of the Sumitomo family due to financial difficulties, protecting the mine till the very end.

Modernization and an industrial revolution in Japan took place 100 years behind the West, starting with mines, silk-reeling and cotton spinning. Competing against European and American powers, Hirose fought to strengthen national interests through the promotion of industry. To achieve this goal, he felt that the Besshi Copper Mines should lower copper production costs to global standards, via the introduction of technologies from abroad, as a means to obtain exporting competitiveness. In 1874, Hirose hired a French engineer, Louis Larroque and had him prepare the Prospectus of the Besshi Copper Mines. Using this as a guideline, he reformed the management to modernize all mining, smelting and transportation, so that copper production, which totaled 420 tons in 1872, more than quadrupled 16 years later. In 1877, Saihei Hirose was appointed Director-General of the Sumitomo family, having built the



Saihei Hirose



Prospectus of the Besshi Copper Mines as which went on to become the guideline for the modernization of the mines itself (Sumitomo Historical Archives)

foundation of businesses of Sumitomo, including silk reeling, remanufactured tea production, maritime transport, iron making, the chemical industry and the coal business.

Corporate Profile / Stock Information

Corporate Profile (As of March 31, 2020)

Establishment:	December 1919
Paid-In Capital:	¥219,612,646,183
Status of Employees:	Number of Employees 5,376 Number of Employees (Consolidated basis) 72,642 (Note) It includes 169 persons whom overseas branches and offices of the Company employ.
Status of Subsidiaries and Associated Companies:	Number of Consolidated Subsidiaries 663 Number of Associated Companies 294
Status of Operating Locations, etc.:	Domestic 22 Overseas 114
Accounting Auditor:	KPMG AZSA LLC

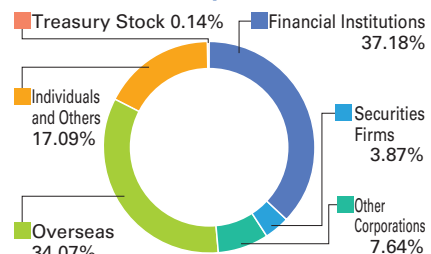
Stock Information (As of March 31, 2020)

Number of Shares Authorized for Issuance: 2,000,000,000 shares

Number of Issued Shares: 1,250,985,467 shares

Number of Shareholders: 183,064

Shareholders Composition:



(Note) The total is not 100% as the ratio is rounded to the nearest hundredth of a percent.

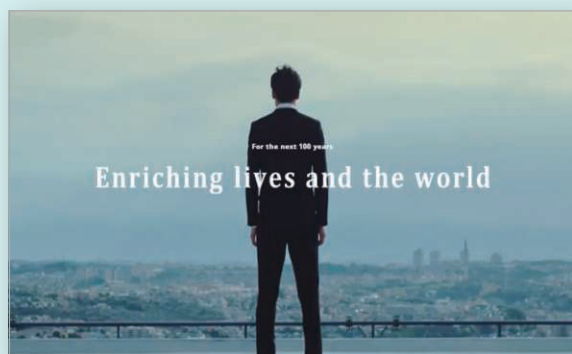
Major Shareholders

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	109,579	8.77
Japan Trustee Services Bank, Ltd. (trust account)	58,183	4.66
BNYM RE NORWEST/WELLS FARGO OMNIBUS	55,293	4.43
Sumitomo Life Insurance Company	30,855	2.47
Japan Trustee Services Bank, Ltd. (trust account 5)	25,306	2.03
JP Morgan Chase Bank 385151	19,553	1.57
Mitsui Sumitomo Insurance Company, Limited	19,000	1.52
Japan Trustee Services Bank, Ltd. (trust account 9)	18,726	1.50
Japan Trustee Services Bank, Ltd. (trust account 7)	18,413	1.47
State Street Bank West Client - Treaty 505234	17,385	1.39

(Note) The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding – which is derived by deducting treasury stock (1,702,929 shares) from the total number of issued shares – and rounding to the nearest hundredth of a percent.

“For the next 100 years” on Our Website

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society. On this site, we present the thoughts of the Group's members, business activities in a wide range of industries on a global scale, and our essential history and business philosophy.



<https://www.sumitomocorp.com/en/jp/enrich>

Sumitomo Corporation For the next 100 years

Search

Information for Shareholders

Fiscal Year:	From April 1 of each year through March 31 of the following year
Ordinary General Meeting of Shareholders:	June
Record Date:	Ordinary General Meeting of Shareholders March 31 Year-end Dividends March 31 Interim Dividends September 30
Stock Transfer Agent and Account Management Institution for Special Accounts:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock Transfer Agent, Handling Office: (Mailing Address)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Sugiyama-ku, Tokyo, 168-0063
(Telephone Inquiries) (URL)	0120-782-031 https://www.smtb.jp/tools/english/
Shares per Unit:	100 shares
Stock Listings:	Tokyo, Nagoya, Fukuoka
Stock Exchange Code:	8053
Public Notices:	Public notices shall be made electronically. If electronic notice is impossible due to accident or other unavoidable reason, the notice shall appear in the <i>Nihon Keizai Shimbun</i> .
(Public Notice URL)	https://www.sumitomocorp.com

● Contact for Notifications and Inquiries Concerning Shares

For shareholders having an account with a securities company, please contact your securities company for notifications of change of address, etc. and inquiries. For shareholders not having an account with a securities company, please contact the telephone inquiries number on the left.

● About Special Accounts

For shareholders who have not used the custody and book-entry transfer system for securities prior to introduction of electronic share certificate system, a special account has been established with Sumitomo Mitsui Trust Bank, Limited. For inquiries concerning special accounts, please contact the telephone inquiries number on the left.

Everyday Life

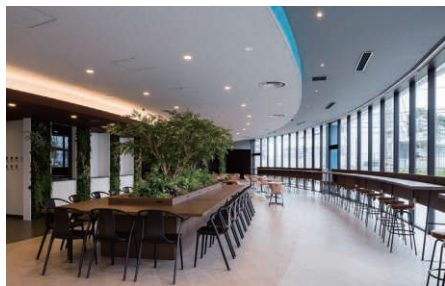


Sociability, Sustainability, and Individuality
for Logistic Aspect

Pursuing New Roles of Logistics Facilities

SOSiLA

Our lifestyles are becoming increasingly convenient thanks to an array of new services by mail order businesses and diversifying ways to purchase products. While faster delivery at lower costs is required to sustain this convenient lifestyle, the logistics industry is faced with



Common lounge contributing to the work style reform in the logistics industry



Bright and spacious warehouses to enhance efficiency

issues such as shortages of personnel, trucks, and drivers.

To address such issues, Sumitomo Corporation has developed SOSiLA under the business concept of “logistics facilities connecting people and society,” based on expertise gained through multiple consumer businesses such as retail and real estate, and rolled out new logistics facility development projects in 15 sites nationwide. We also promote environmentally-friendly facilities and operations, aiming to solve social challenges surrounding the logistic industry and realize a more sustainable style of logistics.

In December 2019, SOSiLA Logistics REIT, a real estate investment trust company focusing primarily on investment in the SOSiLA series sponsored by Sumitomo Corporation, became listed. This REIT provides opportunities for ESG investment through investment in the environmentally-friendly cutting-edge SOSiLA logistics facility business. The Sumitomo Corporation Group will take the two-pronged approach of developing logistics facilities and operating the listed REIT to expand its logistics facility business.



SOSiLA Yokohama Kohoku capable of handling high-frequency deliveries

Shipping bases for mail orders and convenience stores

In 2006 Sumitomo Corporation began developing a logistics facility in Narashino, Chiba for Jupiter Shop Channel, the Group's TV shopping business. In 2016 SOSiLA Narashino Akanehama III was developed adjacent to the site as the first of the SOSiLA series.

SOSiLA Yokohama Kohoku (currently shared by Sumitomo Corporation and SOSiLA Logistics REIT) was completed the following year, in Yokohama, Kanagawa. This last-mile distribution hub delivers products to major convenience stores in the east of Kanagawa and areas to the south and west of the Imperial Palace in Tokyo. Extended thoughts are reflected in the facility design, such as a relaxation lounge to enable optimum working conditions for all the staff, including women and older workers.

We support the work style reform by providing bright and spacious facilities, committed to change the negative image of logistics warehouses being places requiring hard and heavy labor. Some of the products in your own home might just have been delivered from a SOSiLA logistics facility.



Logistics Real Estate
Business Dept.

Katsuhiko Chikiri

Editor's Note

In response to the Basic Policies for Novel Coronavirus Disease Control by the Government of Japan, we have adopted teleworking since March. The welcoming ceremony for new recruits was also held online. Please visit our official Facebook page to enjoy the performance by the Junior Philharmonic Orchestra, which we have been supporting since 1992, posted as a token of our appreciation for dedicated efforts of medical professionals and everyone to stop the spread of the virus.



Caution Concerning Forward-looking Statement

Statements included in this publication regarding future performance and other matters have been determined on the basis of information currently available. Such statements may differ in future depending on changes in the business environment, etc., and Sumitomo Corporation does not guarantee their reliability.

Sumitomo Corporation

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