At a Glance

For the years ended March 31, 2017, 2018, 2019, 2020 and 2021

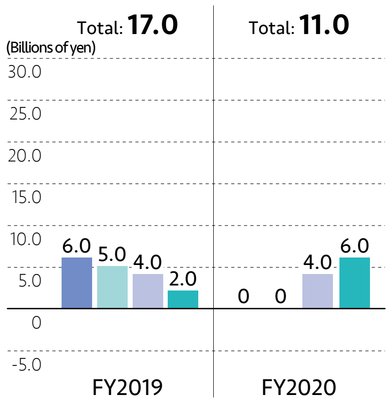
(Billions of yen) (FY)	Metal Products 2019	Metal Products 2020	Transportation & Construction Systems 2019	Transportation & Construction Systems 2020	Infrastructure 2019	Infrastructure 2020	Media & Digital 2019	Media & Digital 2020	Living Related & Real Estate 2019	Living Related & Real Estate 2020	Mineral Resources, Energy, Chemical & Electronics 2019	Mineral Resources, Energy, Chemical & Electronics 2020	Corporate and Eliminations 2019	Corporate and Eliminations 2020	Total 2019	Total 2020
Gross profit	104.8	**73.8**	164.9	**140.4**	114.4	**15.5**	100.2	**105.2**	226.4	**238.8**	152.0	**151.6**	11.0	**4.1**	873.7	**729.5**
Selling, general and administrative expenses	-96.1	**-85.0**	-149.9	**-140.1**	-60.5	**-57.8**	-76.7	**-79.0**	-178.5	**-195.4**	-102.7	**-112.1**	-13.0	**-9.5**	-677.4	**-678.9**
Share of profit (loss) of investments accounted for using the equity method	-16.4	**-5.6**	26.6	**-2.1**	14.6	**-3.7**	38.6	**40.4**	9.3	**4.1**	8.8	**-74.5**	3.3	**0**	84.8	**-41.4**
Profit (loss) for the year	-50.4	**-35.6**	30.5	**-17.5**	61.5	**-55.6**	38.3	**44.3**	51.3	**-8.4**	43.2	**-63.7**	-3.0	**-16.6**	171.4	**-153.1**
One-off profits/losses Rounded figures	-67.0	**-46.0**	-9.0	**-43.0**	-1.0	**-94.0**	0	**0**	3.0	**-45.0**	-2.0	**-96.0**	0	**-26.0**	-77.0	**-351.0**
Profit/Loss excluding one-off effects Rounded figures	17.0	**11.0**	39.0	**26.0**	63.0	**39.0**	38.0	**44.0**	49.0	**37.0**	45.0	**32.0**	-3.0	**9.0**	248.0	**198.0**
Basic profit cash flow*	9.8	**-1.2**	21.9	**14.9**	47.2	**-17.2**	41.0	**41.7**	33.7	**32.2**	58.6	**45.4**	26.8	**15.0**	239.0	**130.8**
Investments and loans Rounded figures	22.0	**6.0**	75.0	**83.0**	81.0	**64.0**	37.0	**27.0**	95.0	**35.0**	41.0	**40.0**	–	**–**	350.0	**260.0**
Total assets	1,093.0	**983.6**	1,689.0	**1,748.5**	894.8	**1,003.2**	879.9	**916.0**	1,538.4	**1,507.7**	1,595.8	**1,662.6**	437.6	**258.3**	8,128.6	**8,080.0**
Trade and other receivables	339.5	**329.6**	289.9	**291.6**	283.6	**275.0**	76.4	**81.6**	147.5	**153.5**	505.8	**484.5**	-79.8	**-73.0**	1,563.0	**1,543.0**
Goodwill	3.8	**4.6**	37.6	**52.8**	0.8	**1.0**	20.5	**13.9**	52.9	**30.3**	7.7	**7.1**	0.1	**0.1**	123.3	**109.8**
Number of employees (Non-Consolidated Basis)	655	**625**	687	**686**	617	**629**	465	**501**	531	**534**	879	**890**	1,373	**1,375**	5,207	**5,240**
Number of employees (Consolidated Basis)	8,054	**7,054**	18,893	**19,666**	3,687	**3,698**	14,524	**15,148**	15,439	**16,674**	9,229	**9,717**	2,816	**2,963**	72,642	**74,920**

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

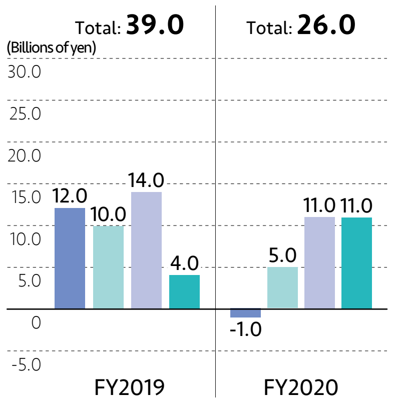
Quarterly trend for profit/loss for the year attributable to owners of the parent excluding one-off effects

Q1 Q2 Q3 Q4 * One-off profits/losses are rounded off to the nearest 1 billion.

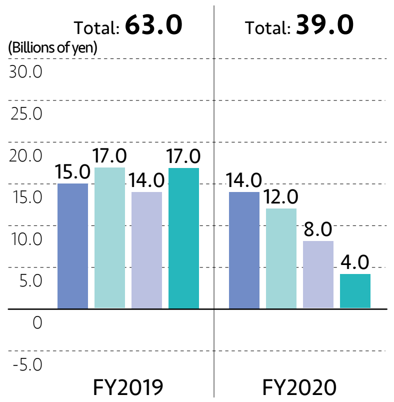
Metal Products



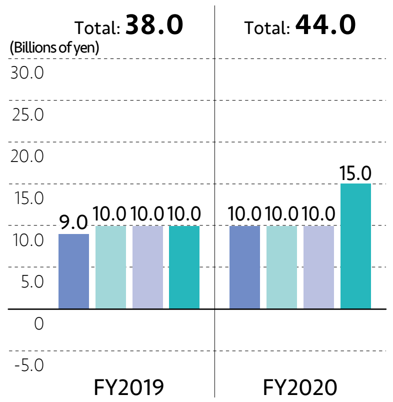
Transportation & Construction Systems



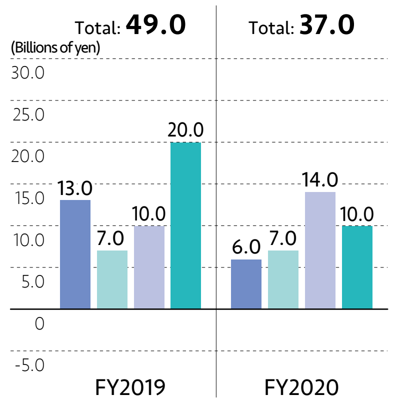
Infrastructure



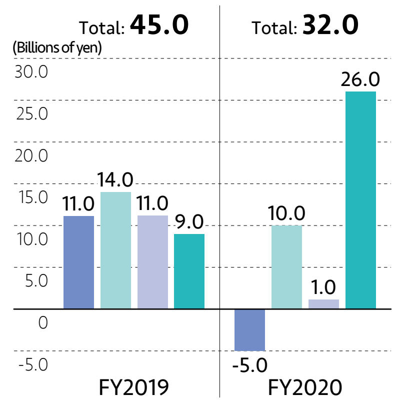
Media & Digital



Living Related & Real Estate



Mineral Resources, Energy, Chemical & Electronics



Segment Overview

Metal Products

- Steel Products Division
- Tubular Products Division

Shingo Ueno
General Manager

Strengths

- Expertise, solution capabilities, and a strong customer network in steel products and tubular products
- Strong global supply chain for steel products firmly rooted in each community
- Strategic partnership with energy majors and our oil country tubular goods (OCTG) distribution business, which is one of the world's largest
- Leading market shares in unique segments such as railway products and equipment

Challenges

- Shift of assets and human resources in line with regional strategies in the steel products business
- New business development utilizing digital transformation (DX) in railway products and equipment and the forging business both in Japan and overseas
- Creating new business models through DX in the tubular products business

Opportunities

- Global steady growth of automotive production
- Growing demand for steel products driven by urbanization in emerging countries and infrastructure upgrades in developed countries
- Modal shifts in developed countries and railway infrastructure development in emerging countries
- Growing demand for reduction of CO_2 emissions when producing oil and gas
- Weight reductions in transportation equipment in preparation for decarbonized/recycling-oriented societies, shift to renewable energy, demands to recycle resources

Risks

- Market volatility due to steel oversupply and intensification of trade issues in various countries
- Dramatic changes in business conditions such as obsolescence of existing products or emergence of alternative materials due to global environmental measures
- Structural change in the industry due to realignments in related industries
- Impact of continued spread of COVID-19 in certain countries

FY2020 Summary

The Metal Products Business Unit posted a ¥14.8 billion improvement over the previous fiscal year. The main factors were a recovery in the overseas steel service center business and a decrease in impairment losses recorded in the tubular products business in the previous fiscal year, mainly in the United States.

On the other hand, the recovery in the tubular products business in North America was slowed due to the negative impact of COVID-19 on the macroenvironment and sluggish crude oil prices. In addition, impairment losses were recorded in the specialty steel business in India. As a result, a ¥35.6 billion loss was recorded.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Our business unit deals primarily with metal products, which are key materials for a diverse society and a variety of industries. We have worked to support societies and industries by delivering high-quality, high-performance products all over the world, and by undertaking business activities rooted in local communities with our global partners. Amid the rapid change of the social and business environments in recent years, we will promote structural reform in response to these changes and achieve our goals. The main strategy in the steel products business has focused on maintaining and expanding the global supply network, but under SHIFT 2023 we will cultivate strategies according to the competitive environment in each region and leverage DX to increase the value in existing businesses and explore new ones. In the railway products and services business, we will work on establishing a service- and recycling-oriented business model in addition to manufacturing and selling products and equipment in the U.S. market, which is currently our main market. In the forging & casting products for transportation equipment business, we will work on expanding our portfolio and building a new business model. In the tubular products business, our aim is to stabilize earnings through advancement of the function and automation in existing businesses while also addressing changes in the environment surrounding the industry and optimizing the teams at group companies according to market size to strengthen profitability and stability.

At the same time, we will focus efforts on the enhancement of sustainability management and contribute to the resolution of key social issues by such means as supplying steel products and services that contribute to a carbon-neutral society, including renewable energy and CCUS*, human resources development, job creation, and the promotion of initiatives to eliminate work-related accidents.

* Carbon dioxide Capture, Utilization and Storage. Technology for collecting, effectively utilizing, and storing CO_2.

Implementing a Value Creation Model in the Steel Products Business SBU

Strengthening the earnings base by sophisticating and improving efficiency of the supply chain

Steel demand is projected to increase with economic development in emerging countries. At the same time, changes in the industrial structure are expected to accelerate the trend toward local production for local consumption. On the other hand, increased environmental demand will bring about demand for new materials that contribute to the shift toward renewable energy and automobile weight reduction/electrification.

Steel service center / Slitter line

Investing Management Capital

Human capital
Diverse human resources, including an abundance of human resources for managing group companies who are thoroughly familiar with the job sites all over the world

Intellectual capital
Access to markets and extensive specialized product and market knowledge cultivated over many years in business operation

Business relationship capital
Partnerships with outstanding and leading enterprises in each region through joint ventures all over the world

Global network capital
Steel products supply network spanning the globe

Growth Strategy

The Steel Products Strategic Business Unit (SBU) has Sumitomo Corporation Global Metals Co., Ltd., as a primary business operator with steel service centers and other group companies around the world to meet all kinds of industrial needs. Leveraging the collective strengths of the Sumitomo Corporation Group based on this business foundation provides a powerful source for the creation of new businesses and leads to the acquisition of a solid customer base. Under SHIFT 2023, the Steel Products SBU will work on strengthening the functions of the supply chain and increasing its efficiency, utilizing DX to respond to the demand environment and required distribution functions, which vary by region and industry. For example, in growing emerging countries in Asia, we will expand our operations into the manufacturing and distribution business, addressing the trend toward local production for local consumption, and in the European and U.S. markets, where steady earnings are expected from steel distribution, we will continue to grow by expanding our community-based supply network and strengthening its functions.

Specialty steel business in India

Value Created

Social value

- Helping the development of each industry and regional economy by providing iron products through a high-quality and highly efficient supply chain
- Contributing to the creation of jobs and the development and stability of local communities

Environmental value

- Contributing to the reduction of CO_2 emissions by pursuing the establishment of a highly efficient supply chain and supplying high-quality materials that contribute to the reduction of CO_2 emissions by such means as weight reduction, electrification, and energy efficiency

Economic value

- Providing a steel products supply chain in line with changing regional and industrial needs
- Creating new businesses based on the customer base gained through the supply of steel products

Segment Overview

Transportation & Construction Systems

- Beyond Mobility Business Department
- Lease, Ship & Aerospace Business Division
- Mobility Business Division 1
- Mobility Business Division 2
- Construction & Mining Systems Division

Shoichiro Oka
General Manager

Strengths

- Japan's leading general leasing and financing business
- World-top-class aircraft leasing business
- A value chain and business portfolio that covers business fields from manufacturing and sales to aftermarket, financing, and services on a global basis

Challenges

- Further accumulating prime assets and enhancing asset efficiency in the general leasing and financing business
- Implementing business transformation and improving asset efficiency in response to the "new normal" caused by the COVID-19 pandemic in the aircraft leasing business
- Strengthening and upgrading manufacturing, sales, financing, and aftermarket functions in the aircraft business
- Reinforcing and expanding the business foundation in the United States and harnessing growth in the Asian market in the construction equipment rental business
- Innovating business and creating new business models to reflect the mobility society that will emerge from advancing technology

Opportunities

- Utilizing the existing business foundation
- New lifestyles and mobility patterns in the post-COVID-19 new normal
- Accelerating evolution of new technologies and creation of new business models for realizing a decarbonized society
- New business opportunities arising from utilization of DX

Risks

- Movement restrictions and changes in dynamics of people and goods as a result of the COVID-19 pandemic
- Changes in market needs arising from post-COVID-19 new normal and obsolescence of existing business models
- Geopolitical risks
- Cyclical markets

FY2020 Summary

In the Transportation & Construction Systems Business Unit, profit for the year was down ¥48.0 billion year on year, to a ¥17.5 billion loss. This was due to one-off losses arising primarily from the impact of the COVID-19 pandemic and lower profit in the leasing business, automotive-related business, and construction equipment sales & marketing business and rental business. The main one-off losses were an allowance for receivables in the automotive financing business in Indonesia and a loss on foreign exchange valuation in the automotive sales and marketing business in Libya.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Our business unit operates in diverse domains mainly relating to mobility. Our particular strengths include the leasing and financing business, the global reach of our value chains in the ship, automotive, construction and mining equipment businesses, and our advanced expertise in the aerospace-related business.

Tight restrictions were placed on the movement of people and goods and on production and sales activities due to the spread of COVID-19. Many businesses of our business unit were negatively impacted in FY2020.

For this reason, our business unit will work on rebuilding its earnings base through the strengthening of its business portfolio and structure considering such factors as resistance to event risks while realizing a steady recovery from the pandemic under SHIFT 2023.

Under the post-COVID-19 new normal, the movement of people and goods is expected to develop in a way that breaks from the past. Anticipating the kind of mobility services needed under the new normal, our business unit will aim to (1) increase value by implementing growth strategies and DX in existing businesses, (2) transform our businesses (reorganize and diversify our portfolio), and (3) create new value through innovative development projects that anticipate changes in the social and economic environment. In addition, we aim to achieve sustainable growth by contributing to the realization of prosperity in society through the activities of our business unit carried out in response to social issues such as mitigation of climate change, realization of a circular economy, development of local societies and economies, and improvement of living standard.

Implementing a Value Creation Model in the Equipment Rental SBU

Extending knowledge of business operations cultivated in Japan and the United States to Southeast Asia

Demand for construction equipment rental is expected to continue growing as awareness of workplace safety and productivity increases and the trend changes from ownership to use. Moreover, customer needs are becoming diverse, requiring enhancement of services utilizing DX and other tools.

Aver Asia acquired in December 2020

Investing Management Capital

Financial capital
Solid financial base enabling introduction of new rental assets

Human capital
Human resources with a wealth of experience at sites in the construction equipment sales and rental business

Intellectual capital
Rental business know-how cultivated through management and operations in Japan and overseas spanning more than 30 years

Organizational/Group capital
Knowledge of regional organizations and connections with start-ups

Growth Strategy

In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. Because customer needs are growing more diverse with increased awareness of workplace safety and productivity, we aim to provide new value by upgrading services utilizing IT and DX, such as enhancement of rental products and offering of various rental apps.

In addition, we acquired Aver Asia (S) Pte Ltd., which has operations throughout Southeast Asia, in December 2020 in order to expand into this area where mechanization and rental demand are expected to increase in conjunction with economic growth. We will take advantage of the knowledge of business operations cultivated in Japan and the United States while also efficiently allocating managerial resources between group companies.

By providing and promoting the use of highly reliable and economically efficient machinery, we will contribute to the realization of a sustainable circular economy.


Machinery yard at Sunstate Equipment


Corporate culture of people and teamwork

Value Created

Social value

- Contributing to the strengthening of infrastructure and to urbanization by supporting improved productivity at construction sites
- Improving safety at construction sites by promoting construction machinery rentals in emerging markets

Environmental value

- Contributing to mitigation of climate change by renting out environment-friendly construction machinery
- Realizing effective utilization of assets and a circular economy by recycling rentals and used machinery

Economic value

- Meeting increasingly diverse user needs
- Providing relevant products and services with a high level of customer satisfaction in a timely fashion
- Maintaining and growing our top share of local markets

Segment Overview

Infrastructure

- Social Infrastructure Business Division
- Global Power Infrastructure Business Division
- Logistics Infrastructure Business Division

Tsutomu Akimoto
General Manager

Strengths

- Market presence that has been cultivated over decades and the ability to communicate with markets that capture the overall needs of local societies
- Project management capabilities backed by an extensive EPC track record
- Project structuring capabilities to establish systems for stable business operation
- Expertise in each business area and industry network

Challenges

- Promoting new businesses that view climate change as a business opportunity
- Commercializing new electric power and energy services through co-creation initiatives with the Energy Innovation Initiative (EII)
- Increasing the value of existing businesses and creating new businesses through combination with DX
- Development of human resources with business designing capabilities and utilization/optimal allocation of human resources on a global basis

Opportunities

- Increased demand for environment-friendly infrastructure businesses such as the renewable power generation business
- Increased demand for environmental value in the electricity retail business in Japan
- Expansion of business opportunities addressing the overall needs of local societies and the privatization of public infrastructure
- Increased needs for logistics and overseas industrial parks addressing changes in the supply chain such as the relocation of production sites in the manufacturing industry

Risks

- Changes in business structure and business opportunities as a result of the COVID-19 pandemic
- Changes in business conditions or tightened regulations for coal-fired power plants
- Risk of political or institutional changes in each country
- Intensification of competitive business environment with the entry of manufacturers from emerging countries and new business operators

FY2020 Summary

In the Infrastructure Business Unit, profit for the year was down ¥117.1 billion year on year, amounting to a loss of ¥55.6 billion. Excluding one-off losses, however, profit came to approximately ¥39.0 billion.

In addition to peak-out of the progress in construction work related to large-scale engineering, procurement, and construction (EPC) projects, the business unit recorded additional costs associated with delays in the construction of multiple EPC projects and one-off/impairment losses in IPP/IWPP business.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

In this business unit, our two long-term goals are to establish a stable earnings base with a sense of scale and achieve carbon neutrality by 2050. Under SHIFT 2023, our business activities will be carried out to achieve these goals.

In establishing a stable earnings base with a sense of scale, our aim is to build a stable earnings base that is resistant to market conditions and thereby further increase profits.

SHIFT 2023 shifts management resources to the renewable power generation business and the social infrastructure business, where the potential for market growth is particularly high and the strengths of the business unit can be leveraged. These will be grown into the next stable earnings pillars. We will also enhance our earning power of such businesses as overseas industrial parks and energy services by utilizing environmental value and increasing value through DX. Thoroughly implementing the above shift and various measures, we will restore the performance of the business unit during the period of SHIFT 2023 and get back on a growth trajectory.

To achieve carbon neutrality by 2050, we will aggressively work to reduce CO_2 emissions, pursue new business models, and promote our business for achieving a sustainable carbon-neutral society balanced against growth of local societies and economies. In the power generation business, we will not be involved in any new coal-fired power generation business. We will reduce CO_2 emissions by 40% or more (60% or more in the coal-fired power generation business) compared to 2019 by 2035. We will also promote low-carbonization in our power generation portfolio, shifting from the current composition of 50% coal-fired, 30% gas-fired, and 20% renewables in terms of net ownership generation capacity in 2020 to 20% coal-fired, 50% gas-fired, and 30% renewables by 2035. We will also develop businesses based on solutions to climate change as the growth driver and promote commercialization of new electric power and energy services through co-creation initiatives with the EII in energy services, social infrastructure, Smart City, overseas industrial parks, logistics, and other fields.

Implementing a Value Creation Model in the Smart City SBU

Expanding profit through efficient urban management and enhanced value creation

In emerging countries, there are an increasing number of complex urban development projects from greenfield, while in Japan and other developed countries there are an increasing number of projects for utilizing new technologies to bring smart functionality to existing cities. Additionally, demand for resilient urban development is on the rise due to the spread of COVID-19 and an increase in natural disasters.

"Smart and warm" city lined with cherry blossom trees

Thriving scene of northern Hanoi by development in front of the station

Investing Management Capital

Business relationship capital

Partners with a strong presence in Vietnam and a network that includes government agencies and business entities

Human capital

Group human resources with experience in the infrastructure and real estate fields as well as designing and promoting capabilities for businesses that enable them to unify players from various fields of Smart City development

Brand capital

Many years of business experience in Vietnam and the associated reliability and strong presence of the Group

Growth Strategy

We will integrate the real estate business and infrastructure business, both of which the Group has extensive experience in, and undertake efficient management of urban development utilizing digital infrastructure*. At the same time, we will utilize various smart services and the data obtained from these initiatives to develop a business model in which profit is earned by improving urban value.

We will also develop an innovation platform in collaboration with industry, government, and academia in Japan and Vietnam. By rolling out the new technologies and services developed in northern Hanoi to the rest of Vietnam and other ASEAN countries, we will help resolve social issues utilizing the experience gained and business model developed in northern Hanoi.

* Integrated IoT platform for integrating, accumulating, and analyzing urban data

Comfortable living environment surrounded by waterfronts and other natural scenery

Value Created

Social value

- Providing solid basic infrastructure and security to support the daily lives of 70,000 to 90,000 residents
- Providing a system that allows residents to connect naturally and realizing community formation that offers a sense of security and pride

Environmental value

- Promoting urban development that aims to achieve net zero emissions by utilizing renewable energy
- Fostering clean urban development that allows people to enjoy open spaces, sunlight, wind, water, and green vegetation and experience nature

Economic value

- Developing and managing a multi-use Smart City with a resident population of 70,000 to 90,000, a working population of 50,000 to 100,000, and a total of nearly 20 million visitors annually.
- Creating opportunities to invest in demonstration experiments and local companies and business opportunities with the provision of a local ecosystem

Segment Overview

Media & Digital

- Media Division
- Digital Business Division
- Smart Communications Platform Business Division

Toshikazu Nambu
General Manager

Strengths

- JCOM Co., Ltd., with the No. 1 share of the cable TV market
- Jupiter Shop Channel Co., Ltd., with the No. 1 share of the TV shopping market
- SCSK Corporation, a leading IT solutions provider
- Access to advanced technologies through our global CVC network
- Global promotion structure for companywide DX
- Know-how and network cultivated through the overseas telecommunications business
- T-Gaia Corporation, No. 1 mobile phone distributor in Japan

Challenges

- Enhancing J:COM's lifestyle service functions
- Strengthening new services adapted to changing lifestyles
- Upgrading the Group's IT infrastructure
- Expanding the DX-related business
- Expanding value-added services in the overseas telecommunications business
- Horizontal expansion of telecommunications infrastructure and related services

Opportunities

- Changes in lifestyles and consumer behavior amid the COVID-19 pandemic
- Changes in the way that young people consume media
- Deregulation of online medical consultation
- Creation and expansion of new markets with 5G mobile technologies
- Increase of DX demand arising from accelerated transformation of customers' businesses
- Expansion of opportunities to resolve social issues with digital technologies
- Multifaceted development through business alliance in various fields with Vodafone Group Plc.
- Expansion of business at mobile carrier shops

Risks

- Changes in the market environment caused by an acceleration of the fusion between broadcasting and telecommunications
- Market shrinkage in Japan due to a declining birth rate and an aging population
- Changes in the global industrial structure due to digital disruption
- Intensified competition to secure IT and DX human resources across various industries
- Changes in mobile device distribution market (higher device prices, further development of e-commerce, etc.)
- Country risk in businesses based in emerging countries such as changes in policies or regulations

FY2020 Summary

The Media & Digital Business Unit was impacted by the pandemic, but profit for the year was up ¥6.0 billion year on year to ¥44.3 billion due to stable performance of the major domestic group companies, led by JCOM and SCSK Corporation.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

We will anticipate the paradigm shift brought about by the pandemic, including growing demand for non-contact/non-face-to-face transactions. To adapt to the shift, we are working on creating value and businesses through the promotion of DX to help resolve social issues with a basis on the SDGs.

In the cable TV business, we will work on expanding our service areas in addition to enhancing online living-related services and creating personalized services. In the TV shopping business, we will introduce new experiential products, enhance customer loyalty by proposing products tailored to individual needs, and expand our customer base through live commerce. In the 5G business, we will launch a 5G base station sharing business for mobile network operators and contribute to the realization of a 5G society via early nationwide expansion.

In the overseas telecommunications business, we will establish a telecommunications infrastructure and roll out value-added online services on this platform for healthcare, education, finance, and more. While contributing to lifestyle and industrial infrastructure development in emerging countries, we will promote a multifaceted business alliance in various fields with Vodafone Group. We have also made the decision to enter the telecommunications business in Ethiopia and aim to launch services in 2022. In the mobile business in Japan, we will work on a new business model that addresses changes in the mobile device distribution market (higher device prices, further development of e-commerce, etc.). As the organization promoting companywide DX, we will aim for results with social and significant impact, focusing on fields in which we have strengths, such as manufacturing and retail. When we promote DX, we will also work on further co-creation of value with start-ups, leveraging global corporate venture capital (CVC) functions in addition to enhancing our technological capability through closer collaboration with SCSK and enhancing our data marketing functions.

Through these initiatives, we aim to evolve as "a Digital Solutions *Sogo-Shosha*" consistently creating new value.

Implementing a Value Creation Model in the J:COM SBU

Connecting with broader range of customers and communities by enhancing services and expanding coverage areas

As we work on business activities rooted in local societies, the market environment continues to change rapidly as a result of the emergence of online video streaming services and the spread of ultrahigh-speed internet. On the other hand, changes in the external environment such as technological innovations and regulatory reforms are expected to lead to more business opportunities, including the adoption of new services.

Entrance at JCOM's headquarters

Investing Management Capital

Business relationship capital
Long-term relationships with local governments and foreign/domestic companies and large-scale customer base

Organizational/Group capital
Asset utilization and collective strengths of the Sumitomo Corporation Group (electric power, healthcare, mobility, real estate, etc.)

Brand capital
High profile based on the No. 1 share of the industry
Brand power as a pioneer expanding into multifaceted business domains

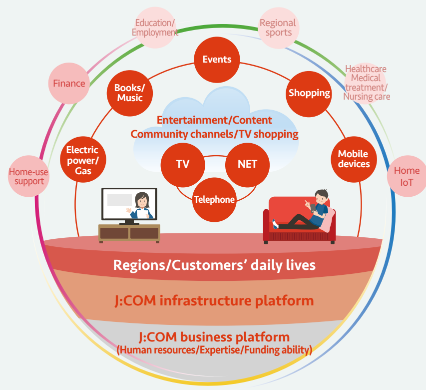
Intellectual capital
Know-how on the broadcasting and telecommunications business cultivated over more than 25 years since its launch

Growth Strategy

We have been in the cable TV business for more than 25 years. Our affiliated company JCOM has expanded its services from TV, internet, and landline phones to mobile phones, electric power, home IoT services, and other living-related fields. Our strengths are close ties to communities and meticulous support. The number of subscribing households has grown to approximately 5.6 million.

Aiming for further growth, we will work on creating personalized services utilizing digital technologies and data in addition to enhancing life-related services such as insurance services and online medical consultations. Some services will be newly launched outside the current service area.

We will continue to expand profits through the provision of services closely connected to customers' lives and contribute to the establishment of a foundation for comfortable and enriching lifestyles.



Value Created

Social value

- Contribution to resolution of regional issues and enriched lifestyles by strengthening existing services and creating new ones
- Further increase in the number of households subscribing to our services

Number of subscribing households
Approx. 5.6 million
(FY2020 result)

Environmental value

- Promotion of energy conservation in equipment at centers and reduction of CO_2 emissions by switching to ride-sharing for half of commercial vehicles

FY2023 target for CO_2 reduction
Approx. 910 tons (approx. 30% reduction compared to FY2019)

Economic value

- Value as a general regional service platform provider centered on broadcasting, telecommunications, and living-related services
- Further increase in profits

Annual sales
Approx. ¥790 billion
(FY2020 result)

Segment Overview

Living Related & Real Estate

- Lifestyle & Retail Business Division
- Food & Agriculture Business Division
- Materials, Supplies & Real Estate Division

Nobuki Ando
General Manager

Strengths

- Expertise in retail and healthcare businesses acquired through the management of Summit Inc. and Tomod's Inc.
- Store network located primarily in the Tokyo metropolitan area and access to customers of Summit and Tomod's
- Robust global platform for food distribution and sale
- Extensive track record of developing and managing comprehensive portfolio of real estate projects in Japan

Challenges

- Creating new businesses by combining DX with the retail business
- Creating growth opportunities and new businesses in the growing healthcare field
- Strengthening and expanding the food business value chain
- Utilizing external funding and managing the balance sheet

Opportunities

- Expansion of overseas retail market, primarily in emerging countries with growing middle class
- Development of new businesses that lead to greater efficiency in rising medical expenses in Japan and other developed countries, as well as installations of medical infrastructure in emerging countries
- Heightened global concerns over SDGs-related issues including food waste and environmental burdens
- Focus on real estate in Japan as stable assets and investments

Risks

- Decline in consumer confidence due to worsening economic conditions
- Extreme weather patterns, infectious diseases, and other factors affecting harvest and sales price in recent years
- Changes in global food supply, production, and logistics
- Impact on the real estate market caused by capital market fluctuations

FY2020 Summary

In the Living Related & Real Estate Business Unit, the supermarket business in Japan performed well owing to increased demand for eating at home as a result of the COVID-19 pandemic. Despite some downward pressure, the real estate business performed well. On the other hand, our fresh produce business in Europe and the Americas recorded an impairment loss due in part to worsening market conditions arising from the pandemic. In addition, due to the large project delivery in the real estate business in the previous fiscal year, profit for the year was down ¥59.6 billion year on year, to a loss of ¥8.4 billion.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Under SHIFT 2023, we will aim for further growth of our core retail, food, and real estate businesses for which we solidified the foundation as part of Medium-Term Management Plan 2020. At the same time, we will promote initiatives in new areas in the retail and healthcare businesses.

In the lifestyle & retail field, we will further solidify the foundation of our retail and healthcare businesses, centered on Summit and Tomod's. In addition, we will accelerate DX in the retail business and utilize data available from our access to brick-and-mortar customers and business sites to promote improved consumer convenience as well as the provision of optimal products and services.

In the food & agriculture field, we will strengthen our sales capabilities by collaborating with the retail business. In the fresh produce business in Europe and the Americas, we will work on streamlining operations and reducing costs in Fyffes business, which we undertook turning around under Medium-Term Management Plan 2020.

In the materials, supplies & real estate field, our pillars are the construction material-related business including building materials and cement, office buildings, retail facilities, residential facilities, logistics facilities, and the real estate fund business. In particular, we will expand the office buildings and logistics facilities business in strategic areas and utilize external funding as we promote asset efficiency. We will also utilize the real estate business as a platform to provide new value and lifestyles through our unique products and services via collaboration with other businesses.

Implementing a Value Creation Model in the Domestic Real Estate SBU

Optimizing asset efficiency and building an adequate portfolio

Demand for real estate investment remains high due to the effects of large-scale monetary easing around the world. Meanwhile, the environment surrounding the real estate business is also undergoing significant change, including a drop in demand from inbound tourism due to the COVID-19 pandemic and the spread of telework.

SOSiLA Yokohama Kohoku

Investing Management Capital

Intellectual capital
Know-how passed down over many years of hands-on management of the real estate business, which is the founding business of Sumitomo Corporation

Human capital
Experienced human resources who inherit the know-how developed via hands-on work and steadily put it into practice

Organizational/Group capital

Business relationship capital
A platform that enables collaboration both inside and outside the Group in all aspects of business, including financing, tenant leasing, and building materials network

Growth Strategy

Under SHIFT 2023, we will promote the utilization of external funding and grow the development and sales and the asset management businesses into more efficient businesses. Our policy is to aggressively undertake development of office buildings, residential facilities, daily-use retail facilities, logistics facilities, and other facilities. In addition, in order to adapt to the surrounding environment, which is changing due to the COVID-19 pandemic, we will build an adequate portfolio in terms of asset type and area to create a risk-tolerant business foundation. We will also focus on improving the environmental performance of our portfolio assets from an ESG standpoint and enhancing our real estate management via DX.

KANDA SQUARE

Value Created

Social value

- Providing social infrastructure to support people's daily lives through various assets
- Development of spaces to serve as disaster prevention bases or places for temporary evacuation and installation of stockpiling warehouses and emergency generators in our facilities
- Contributing to the development of local communities and industries by meeting various needs

Environmental value

- Reducing CO_2 emissions and energy consumption by improving the environmental performance of portfolio properties
- Supplying real estate assets that have received environmental certification such as "Comprehensive Assessment System for Built Environment Efficiency" (CASBEE) or "Building-Housing Energy-efficiency Labeling System" (BELS)

Certifications
CASBEE: 6 properties
BELS: 7 properties
(As of June 30, 2021)

Economic value

- Engaging in more efficient business development utilizing external funds and creating added value by leveraging our real estate development know-how
- Providing investors with excellent investment opportunities leveraging our sourcing capabilities and management know-how

Management/portfolio status
83 office buildings 61 retail facilities

Track record of supply
59,000 condominium units
11 logistics facilities
(As of March 31, 2021)

Segment Overview

Mineral Resources, Energy, Chemical & Electronics

- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

Shingo Ueno
General Manager

Strengths

- Experience and know-how of operations and business management in the upstream mineral resources and energy field
- Business-building capabilities covering the entire value chain
- Global partner and customer bases
- Competitive advantage in electronics manufacturing services, agricultural inputs, and pharmaceuticals
- Sales network for crop protection products in countries worldwide

Challenges

- Shifting the product portfolio toward a decarbonized society
- Completing construction early and achieving highly stable operations in the upstream mineral resources and energy business
- Strengthening initiatives contributing to a circular economy, including the biodegradable material and recycling business

Opportunities

- Increased demand for high-grade nickel and cobalt in conjunction with the spread of electric vehicles (EVs)
- Global trend of energy transition
- Increased focus on aluminum-related products due to their light weight and ease of recycling
- Higher expectations for improved agricultural productivity and increased opportunities for innovation leveraging new technologies

Risks

- Tightening of legal regulations in response to higher environmental awareness and changes in consumer needs
- Impact on world trade and investment by trade friction between the United States and China
- Weak demand resulting from slowing economic growth in emerging countries
- Country risks associated with projects
- Market downturns due to weather and other external factors

FY2020 Summary

In the Mineral Resources, Energy, Chemical & Electronics Business Unit, profits were up in the iron ore business in Brazil and South Africa in accordance with the market growth, and the chemical and electronics business also performed well. Meanwhile, due to the COVID-19 pandemic, operations had to be temporarily suspended at some mines, including those of the nickel mining and refining business in Madagascar and the silver, zinc, and lead business companies in Bolivia, resulting in lower profits. In addition, profits were down in the companies related to the coal mining business in Australia due to the worsened market, and impairment losses were recorded in the nickel mining and refining business in Madagascar and the tight oil and shale gas business in the United States. As a result of these and other factors, profit for the year was down ¥106.9 billion year on year, to a loss of ¥63.7 billion.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

We consider the changes brought about by social demand and megatrends for sustainability as great opportunities. By upgrading our existing businesses and creating new ones, we will rebuild our business portfolio and create social, environmental, and economic value.

In the mineral resources and energy field, we will work on downsizing and withdrawing from the thermal coal/crude oil upstream business. Meanwhile, we will shift our portfolio to the upstream metal resources business that deals with copper and nickel, which is expected to experience increased demand in the medium to long term, the aluminum value chain that holds promise as a resource to support the recycling-oriented society of the future, and the energy transition business that will contribute to the mitigation of climate change. In addition, we will grow the midstream to downstream trading business by creating synergy with the upstream business, pursue efficiency and expertise, and increase profitability. On top of these efforts for immediate structural reform, we will also work on exploration and development in fields with long-term future potential such as the decarbonization and next-generation energy business in collaboration with the EII and other internal organizations.

In the chemicals and electronics field, we will utilize our advanced expertise and global network to create new value that contributes to sustainability and realize a higher level of profits. We have unique strengths in the agricultural input and service business and will focus investment of companywide management resources to promote further geographical expansion and enhancement of functions.

In the EMS business, we will pursue opportunities for growth while further increasing our competitive advantages, such as our manufacturing and supply chain management capabilities. We will also actively promote businesses that contribute to a circular economy, including the biodegradable material and recycling business.

Implementing a Value Creation Model in the Upstream of Metal Resources SBU

Building a product portfolio for sustainable mineral resource supplies

With increasing environmental awareness worldwide, initiatives to realize a decarbonized society that mitigates climate change have expanded. In conjunction with this, new mine development is needed as a result of increased demand for mineral resources. In addition, the need for risk sharing and the provision of added value is growing due to the increasing difficulty of mine development.

Operations in the iron ore business in South Africa

Investing Management Capital

Business relationship capital
Presence in the industry established through many years of participation in mining business management and strategic partnerships that are built on relationships of trust

Human capital
Accumulation of human resources from upstream business management and on-site experience cultivated in participation in the management of multiple mining businesses

Intellectual capital
Project formation capabilities (sales, marketing, logistics development, risk management, regulatory compliance, etc.)

Global network capital
Global network/collective strengths as an integrated trading company surpassing those of the industry

Growth Strategy

We will accelerate the shift in our product portfolio to realize a sustainable business and society. Specifically, we will downsize or withdraw from unprofitable businesses and strengthen our initiatives for copper and nickel, which are expected to increase in demand in the medium to long term. We will improve the profitability and safety of our portfolio overall through efforts such as those to quickly achieve stable operations in the nickel mining and refining business in Madagascar, complete Quebrada Blanca operations in the copper mining business in Chile, and secure new investments and loans for carefully selected projects. In addition, metallic raw materials used in automobile parts such as automotive secondary batteries are indispensable for manufacturing EVs. By providing a stable supply of these metallic raw materials, we will help spread EVs and contribute to a decarbonized society.

Ambatovy Nickel Plant in Madagascar

Value Created

Social value

- Contributing to improvement of living standard by providing a stable supply of mineral resources
- Contributing to employment, human resources development, and growth of local industry by developing the areas around mining sites

Environmental value

- Contributing to the realization of a decarbonized society mainly by promoting the shift to EVs
- Utilizing new technologies to improve the efficiency of mining operations and reduce environmental impacts

Economic value

- Increasing profitability by optimizing the product portfolio
- Securing stable profits by increasing resilience