

May 7, 2021

Consolidated Annual Results FY2020 (Year ended March 31, 2021)

[Prepared on the basis of International Financial Reporting Standards]

Company Name: *Sumitomo Corporation* Stock Listings: Tokyo, Nagoya and Fukuoka Stock Exchanges
Stock Exchange Code No.: 8053 URL: <https://www.sumitomocorp.com/en/jp>
Representative: Masayuki Hyodo Tel.: +81-3-6285-3100
 Representative Director, President and Chief Executive Officer
Contact: Ryuichiro Hirano
 Corporate Communications Dept.
Scheduled Ordinary Shareholder's Meeting Date: June 18, 2021
Scheduled Securities Report Submission Date: June 18, 2021
Scheduled Starting Date of Dividend Payment: June 21, 2021
Supplementary Documents on Financial Results: Yes
Financial Results Meeting: Yes (for Financial Analysts)

1. Consolidated results for the year ended March 31, 2021

(Remarks)

Amounts are rounded to the nearest million.

% : change from the previous year.

(1) Consolidated operating results

	Revenues	(increase/ (decrease)	Profit before tax	(increase/ (decrease)	Profit for the year	(increase/ (decrease)	Profit for the year attributable to owners of the parent	(increase/ (decrease)	Comprehensive income for the year	(increase/ (decrease)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2021	4,645,059	(12.4)	(94,215)	—	(134,484)	—	(153,067)	—	101,145	—
Year ended March 31, 2020	5,299,814	(0.7)	251,922	(37.6)	189,517	(43.9)	171,359	(46.5)	(54,461)	—

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before tax ratio to total assets
	(yen)	(yen)	(%)	(%)
Year ended March 31, 2021	(122.42)	(122.42)	(6.0)	(1.2)
Year ended March 31, 2020	137.18	137.03	6.4	3.1

[Note] Share of profit (loss) of investments accounted for using the equity method (FY2020) (41,367) million yen (FY2019) 84,791 million yen

(2) Consolidated financial position

	Total Assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio	Equity per share attributable to owners of the parent
	(millions of yen)	(millions of yen)	(millions of yen)	(%)	(yen)
As of March 31, 2021	8,079,984	2,695,550	2,527,951	31.3	2,022.83
As of March 31, 2020	8,128,596	2,692,587	2,544,133	31.3	2,036.48

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Year ended March 31, 2021	467,097	(120,107)	(466,368)	599,013
Year ended March 31, 2020	326,618	(203,417)	(57,742)	710,371

2. Dividends

	Cash dividends per share					Total amount of cash dividends per annum	Dividend payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
Year ended March 31, 2020	—	45.00	—	35.00	80.00	99,941	58.3	3.8
Year ended March 31, 2021	—	35.00	—	35.00	70.00	87,476	—	3.4
Year ending March 31, 2022 (Forecasts)	—	35.00	—	35.00	70.00		38.0	

[Note] Second quarter-end dividend for the year ended March 31, 2020 consists of 35.00 yen for an ordinary dividend and 10.00 yen for the commemorative dividend for the 100th anniversary.

(Remarks)

% : change from the previous year.

3. Forecasts for the year ending March 31, 2022

	Profit for the year attributable to owners of the parent	(increase/ (decrease)	Earnings per share attributable to owners of the parent
	(millions of yen)	(%)	(yen)
Year ending March 31, 2022	230,000	—	184.02

Notes

(1) Change in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period: Yes

Excluded companies: 1 (EMERALD GRAIN PTY LTD)

[Note] EMERALD GRAIN PTY LTD has been excluded from the scope of consolidation of Sumitomo Corporation due to the sale of its shares to a third party during this period.

(2) Changes in accounting policies and accounting estimate

- (i) Changes in accounting policies required by IFRS None
- (ii) Other changes None
- (iii) Changes in accounting estimate Yes

[Note] For further details please refer to page 15 "Changes in accounting estimate."

(3) Outstanding stocks (Common stocks)

					(shares)
(i) Outstanding stocks including treasury stock	(March 31, 2021)	1,251,253,867	(March 31, 2020)	1,250,985,467	
(ii) Treasury stocks	(March 31, 2021)	1,544,207	(March 31, 2020)	1,702,929	
(iii) Average stocks	(April 1, 2020-March 31, 2021)	1,249,855,977	(April 1, 2019-March 31, 2020)	1,248,881,174	

[Note] With regard to number of stocks used in earnings per share attributable to owners of the parent, please refer page 18.

[Reference] Non-consolidated information

Non-consolidated results FY2020 (Year ended March 31, 2021)

(Remarks)

Amounts are rounded down to the nearest million.
% : change from the previous year.

(1) Operating results

	Total trading transactions	(increase/ (decrease)	Operating income	(increase/ (decrease)	Ordinary income	(increase/ (decrease)	Net income	(increase/ (decrease)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2021	1,622,317	(19.7)	(121,971)	—	(105,187)	—	(125,560)	—
Year ended March 31, 2020	2,021,074	(14.1)	(44,579)	—	82,461	(68.7)	104,046	(59.6)

	Net income per share (basic)	Net income per share (diluted)
	(yen)	(yen)
Year ended March 31, 2021	(100.49)	—
Year ended March 31, 2020	83.29	83.23

[Note] "Net income per share (diluted)" for the year ended March 31, 2021 is not applicable due to net loss per share.

(2) Financial position

	Total assets	Net worth	Shareholders' equity ratio	Net worth per share
	(millions of yen)	(millions of yen)	(%)	(yen)
As of March 31, 2021	4,174,571	1,053,351	25.2	842.21
As of March 31, 2020	4,289,019	1,224,612	28.5	979.47

[Note] Shareholders' equity (As of March 31, 2021) 1,052,523 million yen (As of March 31, 2020) 1,223,631 million yen

* This report is not subject to audits by certified public accountants or auditing firms.

*** Cautionary Statement Concerning Forward-looking Statements**

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

Management results

1. Operating results

Revenues for the fiscal year ended March 31, 2021, amounted to 4,645.1 billion yen, representing a decrease of 654.8 billion yen from the previous fiscal year.

Gross profit totaled 729.5 billion yen decreased by 144.2 billion yen owing to the peak-out of the progress and recording the additional cost accompanied by delay in construction of large-scale EPC projects in addition to decrease in earnings in coal business in Australia due to lower mineral resources prices and decrease of shipment volume. Selling, general and administrative expenses increased by 1.5 billion yen to 678.9 billion yen.

Gain (loss) on fixed assets was loss of 85.6 billion yen representing a decrease of 23.9 billion yen from the previous fiscal year. This is mainly due to recording impairment loss for fresh produce business in Europe and the Americas, while impairment loss in tubular products business was decreased.

Share of profit (loss) of investments accounted for using the equity method decreased by 126.2 billion yen to loss of 41.4 billion yen, due to impairment losses posted in nickel mining and refining business in Madagascar and automotive financing business in Indonesia.

As a result, profit for the year attributable to owners of the parent totaled loss of 153.1 billion yen, representing a decrease of 324.4 billion yen from the previous fiscal year. Basic profit(*1) totaled to profit of 3.8 billion yen, representing a decrease of 218.2 billion yen from the previous fiscal year.

<Profit / loss for the year attributable to owners of the parent by segment>

Metal Products Business Unit posted loss of 35.6 billion yen, an increase of 14.8 billion yen from the previous fiscal year by decreasing impairment loss in tubular products business, while the earnings in tubular products business in the North America was decreased.

Transportation & Construction Systems Business Unit posted loss of 17.5 billion yen, a decrease of 48.0 billion yen from the previous fiscal year. In addition to decrease in earnings for leasing business and automotive related business, the decrease is due to posting impairment loss and one-off loss owing to the increase of allowances caused by rescheduling of repayment in accordance with local government remedy for COVID-19 in automotive financing business in Indonesia.

Infrastructure Business Unit posted loss of 55.6 billion yen, a decrease of 117.1 billion yen from the previous fiscal year. This is mainly due to one-off losses including impairment loss posting for IPP business in Australia and IWPP business in UAE in addition to the peak-out of the progress and recording the additional cost accompanied by delay in construction of large-scale EPC projects.

Media & Digital Business Unit posted profit of 44.3 billion yen, an increase of 6.0 billion yen from the previous fiscal year due to stable performance of major domestic group companies.

Living Related & Real Estate Business Unit posted loss of 8.4 billion yen, a decrease of 59.6 billion yen from the previous fiscal year. This is mainly due to the absence of large scale properties delivered in the previous fiscal year and recording impairment loss for fresh produce business in Europe and the Americas, while the strong performance of supermarket chains in Japan.

Mineral Resources, Energy, Chemical & Electronics Business Unit posted loss of 63.7 billion yen, a decrease of 106.9 billion yen from the previous fiscal year. This is due to decrease in earnings from coal business in Australia impacted by lower mineral resources prices and decrease of shipment volume, in addition to decrease in earnings from nickel mining and refining business in Madagascar due to the impact from the suspension, and recording impairment loss of 84.8 billion yen.

(*1) 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

2. Financial position

<Total assets, liabilities, and equity as of March 31, 2021>

Total assets stood at 8,080.0 billion yen, representing a decrease of 48.6 billion yen from the previous fiscal year-end despite an increase by the impact from depreciation of yen. This is mainly due to a decrease of working capital and recording impairment losses in multiple businesses.

Equity attributable to owners of the parent totaled 2,528.0 billion yen, decreased by 16.2 billion yen from the previous fiscal year-end despite an increase by the impact from depreciation of yen, due to the loss for the year attributable to owners of the parent posted in the fiscal year ended March 31, 2021 and dividend payment.

Interest-bearing liabilities (net) (*2) decreased by 168.4 billion yen from the previous fiscal year-end, to 2,300.4 billion yen.

In consequence, the net debt-equity ratio (Interest-bearing liabilities (net)/ Equity attributable to owners of the parent) was 0.9.

(*2) Interest-bearing liabilities = Sum of bonds and borrowings (current and non-current) (excluding lease liabilities)

<Cash flows>

Net cash provided by operating activities totaled 467.1 billion yen as basic profit cash flow(*3) totaled to an inflow of 130.8 billion yen because our core businesses generated cash and working capital decreased.

Net cash used in investing activities totaled 120.1 billion yen. In this fiscal year, we executed investments approx. 260.0 billion yen primarily for additional investment to Sumitomo Mitsui Finance and Leasing Company, Limited and capital investment in SCSK Corporation. On the other hand, we recovered funds of approx. 110.0 billion yen due to asset replacement, including the sale of automobile assembly business in Mexico and tight oil and shale gas projects in the U.S.

As a result, free cash flows, representing sum of net cash provided by operating activities and net cash used in investing activities, totaled to an inflow of 347.0 billion yen.

Net cash used in financing activities totaled 466.4 billion yen due primarily to repayment of the borrowings and dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 599.0 billion yen as of March 31, 2021, representing a decrease of 111.4 billion yen from the previous fiscal year-end.

(*3) 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

3. Forecasts for fiscal year ending March 31, 2022(*4)

As COVID-19 vaccinations become more widespread and infections are brought under control, the global economy is expected to continue on a recovery trend supported by fiscal and monetary measures. However, there will be disparities in recovery among countries, regions, and industries. Among developed countries, the U.S. economy is expected to recover due to support from large-scale stimulus measures. As for emerging countries, China's economic recovery trend is expected to continue, while recovery is projected to be sluggish for the time being in countries where COVID-19 continues to spread such as Brazil and India. Risks include delays in the vaccination process, the resurgence of COVID-19, prolonged limitation of economic activities due to the resurgence of COVID-19, the increase in uncertainty associated with changes in political and social circumstances, and the increase in debt and geopolitical risks.

Under these circumstances, our forecast for consolidated financial results for FY2021 is as follows:

- Profit for the year attributable to owners of the parent 230.0 billion yen

In addition to a rebound from recording a large amount of one-off losses in conjunction with reorganization of unprofitable businesses in the previous fiscal year, with regard to financial results excluding one-off losses, in mineral resources business, we project an increase in income as a result of rising mineral resources prices and resumption of operation of nickel mining and refining business in Madagascar, which had been suspended due to the effect from the spread of COVID-19 in the previous fiscal year, and other factors. In non-mineral resources business, we expect an increase in earnings due mainly to recovery of steel sheets business and automobile manufacturing business, which were substantially affected by the spread of COVID-19. As a result, our forecast for consolidated financial results for FY2021 is 230.0 billion yen.

(*4)Cautionary Statement Concerning Forward-Looking Statements

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

4. Dividend Policy

Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

Although profit for the year attributable to owners of the parent in FY2020 totaled loss of 153.1 billion yen, the annual dividend for FY2020 is planned to be 70 yen per share. The decision is based on the fact that our financial soundness is maintained as planned by tightening cost management, reducing interest-bearing liabilities through cash flow management and maintaining risk weighted assets within core risk buffer under emergency mode. It is also based on the projection that the profitability is expected to recover and the financial soundness is expected to maintain and improve. The year-end dividend for FY2020 is planned to be 35 yen per share since the interim dividend was 35 yen per share.

Under “SHIFT 2023”, our medium-term management plan for FY2021 - FY2023, we decide the annual dividend based on our fundamental policy of paying long-term stable dividends and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for FY2020. The forecast for consolidated financial results for FY2021 is 230.0 billion yen, and in accordance with the above dividend policy, we plan to pay an annual dividend of 70 yen per share for FY2021.

Basic Concept Regarding Selection of Accounting Standard

Sumitomo Corporation has adopted International Financial Reporting Standards (IFRS), which are global accounting standards, to enhance the convenience of our financial statements for investors by improving their quality. We are also utilizing IFRS as a significant management tool to deal with management issues such as the further improvement of operational quality, the promotion of management resource reallocation, etc.

Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 599,013	¥ 710,371	\$ 5,397
Time deposits	12,751	10,262	115
Marketable securities	1,621	2,014	15
Trade and other receivables	1,303,621	1,231,088	11,744
Contract assets	188,812	117,230	1,701
Other financial assets	115,041	112,723	1,036
Inventories	793,279	929,981	7,147
Advance payments to suppliers	135,217	131,520	1,218
Assets classified as held for sale	24,718	—	223
Other current assets	323,511	291,202	2,914
Total current assets	3,497,584	3,536,391	31,510
Non-current assets:			
Investments accounted for using the equity method	2,102,139	2,025,255	18,938
Other investments	416,934	358,961	3,756
Trade and other receivables	239,348	331,871	2,156
Other financial assets	87,422	94,981	788
Property, plant and equipment	1,050,648	1,054,042	9,465
Intangible assets	255,961	288,913	2,306
Investment property	340,451	355,844	3,067
Biological assets	26,183	21,075	236
Prepaid expenses	39,493	23,186	356
Deferred tax assets	23,821	38,077	215
Total non-current assets	4,582,400	4,592,205	41,283
Total assets	¥ 8,079,984	¥ 8,128,596	\$ 72,793

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings	¥ 477,927	¥ 754,696	\$ 4,306
Trade and other payables	1,269,631	1,079,099	11,438
Lease liabilities	71,141	65,871	641
Other financial liabilities	90,402	87,578	814
Income tax payables	31,655	25,785	285
Accrued expenses	95,926	95,318	864
Contract liabilities	137,915	98,951	1,242
Provisions	6,578	4,837	59
Liabilities associated with assets classified as held for sale	6,295	—	57
Other current liabilities	80,937	84,411	730
Total current liabilities	2,268,407	2,296,546	20,436
Non-current liabilities:			
Bonds and borrowings	2,434,285	2,434,696	21,930
Trade and other payables	53,176	57,189	479
Lease liabilities	430,257	426,080	3,876
Other financial liabilities	36,404	46,051	329
Accrued pension and retirement benefits	29,619	44,946	267
Provisions	53,186	46,248	479
Deferred tax liabilities	79,100	84,253	713
Total non-current liabilities	3,116,027	3,139,463	28,073
Total liabilities	5,384,434	5,436,009	48,509
Equity:			
Common stock	219,781	219,613	1,980
Additional paid-in capital	251,781	256,966	2,268
Treasury stock	(2,063)	(2,276)	(19)
Other components of equity	187,041	(4,054)	1,685
Retained earnings	1,871,411	2,073,884	16,860
Equity attributable to owners of the parent	2,527,951	2,544,133	22,774
Non-controlling interests	167,599	148,454	1,510
Total equity	2,695,550	2,692,587	24,284
Total liabilities and equity	¥ 8,079,984	¥ 8,128,596	\$ 72,793

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Condensed Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars	
	2021	2020	2021	2020
Revenues				
Sales of tangible products	¥ 4,187,392	¥ 4,822,984	\$ 37,724	
Sales of services and others	457,667	476,830	4,123	
Total revenues	4,645,059	5,299,814	41,847	
Cost				
Cost of tangible products sold	(3,666,589)	(4,180,175)	(33,032)	
Cost of services and others	(249,009)	(245,976)	(2,243)	
Total cost	(3,915,598)	(4,426,151)	(35,275)	
Gross profit	729,461	873,663	6,572	
Other income (expenses)				
Selling, general and administrative expenses	(678,935)	(677,430)	(6,117)	
Impairment losses on long-lived assets	(80,967)	(65,286)	(729)	
Gain (loss) on sale of long-lived assets, net	(4,679)	3,507	(42)	
Other, net	(23,762)	16,436	(214)	
Total other income (expenses)	(788,343)	(722,773)	(7,102)	
Finance income (costs)				
Interest income	25,159	30,621	226	
Interest expense	(30,679)	(46,191)	(276)	
Dividends	8,643	11,099	78	
Gain (loss) on securities and other investments, net	2,911	20,712	26	
Finance income (costs), net	6,034	16,241	54	
Share of profit (loss) of investments accounted for using the equity method	(41,367)	84,791	(373)	
Profit (loss) before tax	(94,215)	251,922	(849)	
Income tax expense	(40,269)	(62,405)	(363)	
Profit (loss) for the year	(134,484)	189,517	(1,212)	
Profit (loss) for the year attributable to:				
Owners of the parent	¥ (153,067)	¥ 171,359	\$ (1,379)	
Non-controlling interests	18,583	18,158	167	
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	74,747	(47,001)	673	
Remeasurements of defined benefit pension plans	24,306	(1,536)	219	
Share of other comprehensive income of investments accounted for using the equity method	7,711	(6,903)	70	
Total items that will not be reclassified to profit or loss	106,764	(55,440)	962	
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	98,096	(133,359)	884	
Cash-flow hedges	15,104	(11,769)	136	
Share of other comprehensive income of investments accounted for using the equity method	15,665	(43,410)	141	
Total items that may be reclassified subsequently to profit or loss	128,865	(188,538)	1,161	
Other comprehensive income, net of tax	235,629	(243,978)	2,123	
Comprehensive income for the year	101,145	(54,461)	911	
Comprehensive income for the year attributable to:				
Owners of the parent	¥ 76,083	¥ (69,413)	\$ 685	
Non-controlling interests	25,062	14,952	226	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Consolidated Statements of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2021 and 2020

For the year ended March 31, 2021

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,613	256,966	(2,276)	(4,054)	2,073,884	2,544,133	148,454	2,692,587
Profit (loss) for the year					(153,067)	(153,067)	18,583	(134,484)
Other comprehensive income for the year				229,150		229,150	6,479	235,629
Comprehensive income for the year						76,083	25,062	101,145
Transaction with owners:								
Share-based payment transactions	168	168				336		336
Acquisition (disposal) of non-controlling interests, net		(5,318)				(5,318)	4,538	(780)
Acquisition (disposal) of treasury stock, net			213			213		213
Cash dividends to owners of the parent					(87,461)	(87,461)		(87,461)
Cash dividends to non-controlling interests							(10,455)	(10,455)
Others		(35)				(35)		(35)
Transfer to retained earnings				(38,055)	38,055	—		—
Balance, end of year	219,781	251,781	(2,063)	187,041	1,871,411	2,527,951	167,599	2,695,550

For the year ended March 31, 2020

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,449	258,292	(2,501)	234,937	2,061,306	2,771,483	134,716	2,906,199
Impact of changes in accounting policies					(53,325)	(53,325)	(909)	(54,234)
Balance, beginning of year after changes in accounting policies	219,449	258,292	(2,501)	234,937	2,007,981	2,718,158	133,807	2,851,965
Profit for the year					171,359	171,359	18,158	189,517
Other comprehensive income for the year				(240,772)		(240,772)	(3,206)	(243,978)
Comprehensive income for the year						(69,413)	14,952	(54,461)
Transaction with owners:								
Share-based payment transactions	164	164				328		328
Acquisition (disposal) of non-controlling interests, net		(1,357)				(1,357)	11,516	10,159
Acquisition (disposal) of treasury stock, net			225			225		225
Cash dividends to owners of the parent					(103,675)	(103,675)		(103,675)
Cash dividends to non-controlling interests							(11,821)	(11,821)
Others		(133)				(133)		(133)
Transfer to retained earnings				1,781	(1,781)	—		—
Balance, end of year	219,613	256,966	(2,276)	(4,054)	2,073,884	2,544,133	148,454	2,692,587

For the year ended March 31, 2021

Millions of U.S. Dollars

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	1,978	2,314	(21)	(36)	18,684	22,919	1,337	24,256
Profit (loss) for the year					(1,379)	(1,379)	167	(1,212)
Other comprehensive income for the year				2,064		2,064	59	2,123
Comprehensive income for the year						685	226	911
Transaction with owners:								
Share-based payment transactions	2	2				4		4
Acquisition (disposal) of non-controlling interests, net		(48)				(48)	41	(7)
Acquisition (disposal) of treasury stock, net			2			2		2
Cash dividends to owners of the parent					(788)	(788)		(788)
Cash dividends to non-controlling interests							(94)	(94)
Others		(0)				(0)		(0)
Transfer to retained earnings				(343)	343	—		—
Balance, end of year	1,980	2,268	(19)	1,685	16,860	22,774	1,510	24,284

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Operating activities:			
Profit (loss) for the year	¥ (134,484)	¥ 189,517	\$ (1,212)
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation and amortization	170,906	165,340	1,540
Impairment reversal (loss) on long-lived assets	80,967	65,286	729
Finance (income) costs, net	(6,034)	(16,241)	(54)
Share of (profit) loss of investments accounted for using the equity method	41,367	(84,791)	373
(Gain) loss on sale of long-lived assets, net	4,679	(3,507)	42
Income tax expense	40,269	62,405	363
Decrease in inventories	217,409	505	1,959
(Increase) decrease in trade and other receivables	(10,383)	127,337	(94)
Increase in prepaid expenses	(4,606)	(7,228)	(42)
Increase (decrease) in trade and other payables	138,399	(97,292)	1,247
Other, net	(91,962)	(114,966)	(828)
Interest received	15,904	30,587	143
Dividends received	97,149	114,401	875
Interest paid	(27,134)	(45,458)	(244)
Income tax paid	(65,349)	(59,277)	(589)
Net cash provided by operating activities	467,097	326,618	4,208
Investing activities:			
Proceeds from sale of property, plant and equipment	9,034	3,472	81
Purchase of property, plant and equipment	(66,342)	(76,935)	(598)
Proceeds from sale of investment property	8,602	15,739	78
Purchase of investment property	(7,986)	(42,424)	(72)
Proceeds from sale of other investments	96,877	115,408	873
Acquisition of other investments	(137,233)	(209,085)	(1,236)
Collection of loan receivables	23,249	42,145	209
Increase in loan receivables	(46,308)	(51,737)	(417)
Net cash used in investing activities	(120,107)	(203,417)	(1,082)
Free Cash Flows:	346,990	123,201	3,126
Financing activities:			
Net increase in short-term debt	(201,485)	152,687	(1,815)
Proceeds from issuance of long-term debt	278,486	453,651	2,509
Repayment of long-term debt	(445,582)	(547,690)	(4,014)
Cash dividends paid	(87,461)	(103,675)	(788)
Capital contribution from non-controlling interests	375	2,824	3
Payment for acquisition of subsidiary's interests from non-controlling interests	(280)	(3,798)	(3)
Payment of dividends to non-controlling interests	(10,455)	(11,821)	(94)
(Acquisition) disposal of treasury stock, net	34	80	0
Net cash used in financing activities	(466,368)	(57,742)	(4,202)
Net (decrease) increase in cash and cash equivalents	(119,378)	65,459	(1,076)
Cash and cash equivalents at the beginning of year	710,371	660,359	6,400
Effect of exchange rate changes on cash and cash equivalents	8,151	(15,943)	74
Net (decrease) increase in cash and cash equivalents resulting from transfer to assets classified as held for sale	(131)	496	(1)
Cash and cash equivalents at the end of year	¥ 599,013	¥ 710,371	\$ 5,397

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.

Assumptions for Going Concern

: None

Changes in accounting estimate

The significant changes in accounting estimates in the Consolidated Financial Statements are as follow.

Sumitomo, through Summit Ambatovy Mineral Resources Investment B.V., its wholly-owned subsidiary, has invested in Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, (hereinafter “Project Companies”) at 54.17% share ratio respectively.

In the 1st quarter of this fiscal year, Project Companies recognized an impairment loss on the fixed assets up to the recoverable amount, as a result of reassessing the business plan in relation to the stoppage of operation due to the spread of COVID-19 and the decline in mid-long term nickel price outlook.

In the 3rd quarter of this fiscal year, Project Companies recognized an additional impairment loss on the fixed assets up to the recoverable amount, as a result of scrutinization and adjustment to the business/production plan in considering of the past production performance including the current shutdown to reflect a more reliable/stable operation after restart.

Consequently, Sumitomo recognized a loss of 84,810 million yen as “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

Project Companies had suspended its operation, but restarted it from March, 2021.

Sumitomo exchanged Sherritt’s financial loan owed to Sumitomo with Sherritt’s corresponding shares in Project Companies at the end of August, 2020. As a result of this exchange, Sumitomo’s share ratio of Project Companies increased by 6.5%.

Sumitomo, through Summit Southern Cross Power Holdings Pty Ltd, its wholly-owned subsidiary, has invested in Bluewaters Power 1 Pty Ltd and Bluewaters Power 2 Pty Ltd, coal-fired power generation companies, (hereinafter “Project”) at 49.99% share ratio respectively.

In the 2nd quarter of this fiscal year, Sumitomo recognized losses on the investments, as a result of reassessing recoverable amount of Project in consideration of the difficulty in refinance of senior secured loans, whose due had come in August 2020. The loss of 11,199 million yen is included in “Share of profit (loss) of investments accounted for using the equity method” and 15,102 million yen is included in “Other, net” in the Consolidated Statements of Comprehensive Income.

In the 2nd quarter of this fiscal year, Sumitomo recognized an impairment loss of 15,032 million yen on the investments relating to the automotive financing business in Indonesia, as a result of reassessing the long-term business plan based on the deterioration of the economy due to the spread of COVID-19 which has continued longer than anticipated. The impairment loss is included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

The prospect of revenue in the reassessed long-term business plan is based on the assumption that the

effect of COVID-19 will remain for a while and be recovered gradually after that.

In the 3rd quarter of this fiscal year, Sumitomo recognized an impairment loss of 41,050 million yen on the goodwill and other intangible assets relating to the Fresh produce business in Europe and the Americas, as a result of reassessing the business plan based on the effect due to the spread of COVID-19 and getting more competitive market conditions of the banana distribution business in Europe. The impairment loss is included in “Impairment losses on long-lived assets” in the Consolidated Statements of Comprehensive Income.

The reassessed business plan is based on the assumption that the production costs will increase for a while in mushroom business and stagnant demand in the U.S. will continue in melon business due to the effect of COVID-19. On the other hand, the effect of COVID-19 is expected to be limited to banana and pineapple business.

Sumitomo, through Summit Global Management VIII BV, its wholly-owned subsidiary, has invested in Shuweihat CMS International Power Company PJSC, a power generation and water production company in UAE, at 20% share ratio and Shuweihat O&M Limited Partner, an operation and maintenance company in UAE, at 50% share ratio (hereinafter “Project Investments”).

In the 3rd quarter of this fiscal year, Sumitomo recognized losses on the Project Investments, as a result of reassessing their recoverable amounts from the Project Investments in consideration of revision of the business plan. It was caused by the downward revision of long term forecasts for power and water demand announced by a counterparty due to deteriorating economic conditions by the spread of COVID-19. Consequently, Sumitomo recognized the impairment loss of 10,140 million yen as “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

Segment Information

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2021 and 2020

2020:	Millions of Yen									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	¥	910,645	684,439	347,519	399,279	1,110,131	1,092,875	4,544,888	100,171	4,645,059
Gross profit		73,825	140,384	15,545	105,241	238,808	151,576	725,379	4,082	729,461
Share of profit (loss) of investments accounted for using the equity method		(5,613)	(2,091)	(3,663)	40,396	4,086	(74,482)	(41,367)	—	(41,367)
Profit (loss) for the period (attributable to owners of the parent)		(35,561)	(17,472)	(55,605)	44,301	(8,373)	(63,745)	(136,455)	(16,612)	(153,067)
Total assets (As of March 31)		983,614	1,748,545	1,003,222	916,006	1,507,747	1,662,552	7,821,686	258,298	8,079,984

2019:	Millions of Yen									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	¥	1,234,704	790,895	537,022	388,744	1,020,510	1,131,863	5,103,738	196,076	5,299,814
Gross profit		104,842	164,886	114,398	100,192	226,423	151,968	862,709	10,954	873,663
Share of profit (loss) of investments accounted for using the equity method		(16,446)	26,610	14,637	38,564	9,290	8,849	81,504	3,287	84,791
Profit for the year (attributable to owners of the parent)		(50,375)	30,487	61,541	38,276	51,250	43,194	174,373	(3,014)	171,359
Total assets (As of March 31)		1,093,023	1,689,030	894,792	879,898	1,538,397	1,595,839	7,690,979	437,617	8,128,596

2020:	Millions of U.S. Dollars									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	\$	8,204	6,166	3,131	3,597	10,001	9,846	40,945	902	41,847
Gross profit		665	1,265	140	948	2,151	1,366	6,535	37	6,572
Share of profit (loss) of investments accounted for using the equity method		(51)	(19)	(33)	364	37	(671)	(373)	—	(373)
Profit (loss) for the period (attributable to owners of the parent)		(320)	(157)	(501)	399	(76)	(574)	(1,229)	(150)	(1,379)
Total assets (As of March 31)		8,862	15,753	9,038	8,252	13,583	14,978	70,466	2,327	72,793

Notes:

1) The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥111=US\$1.

2) On April 1, 2020, a part of manufacturing and sales business of automotive components was transferred from Transportation & Construction Systems Business Unit to Metal Products Business Unit and secondary use business of lithium-ion batteries was transferred from Transportation & Construction Systems Business Unit to Infrastructure Business Unit. Accordingly, the segment information of the previous year has been reclassified.

Earnings per share

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2021 and 2020

The calculation of the basic and diluted earnings per share for the years ended March 31, 2021 and 2020 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Profit (loss) used to calculate basic earnings per share and diluted earnings per share:			
Profit (loss) attributable to owners of the parent	¥ (153,067)	¥ 171,359	\$ (1,379)
Adjustment to profit (loss)	58	(37)	1
Profit (loss) used to calculate basic earnings per share	(153,009)	171,322	(1,378)
Adjustment to profit (loss)	—	37	—
Profit (loss) used to calculate diluted earnings per share	(153,009)	171,359	(1,378)

	Number of shares	
	2021	2020
Weighted-average shares:		
Weighted-average shares-basic	1,249,855,977	1,248,881,174
Dilutive effect of:		
Stock options	—	932,974
Restricted stock	—	316,508
Performance share unit	—	369,080
Weighted-average shares-diluted	1,249,855,977	1,250,499,736

	Yen		U.S. Dollars
	2021	2020	2021
Earnings per share:			
Basic	¥ (122.42)	¥ 137.18	\$ (1.10)
Diluted	(122.42)	137.03	(1.10)

Notes:

- 1) The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥111=US\$1.
- 2) Diluted earnings per share does not include stock options, restricted stock and performance share unit due to the anti-dilutive effect caused by the loss during the year ended 31 March, 2021.

Subsequent events

There are no material subsequent events to be disclosed.