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For Immediate Release

Sumitomo Corporation
Representative Director, President and Chief Executive Officer Masayuki Hyodo
(Code No: 8053, [First Section, Tokyo Stock Exchange])
Contact: Ryuichiro Hirano General Manager, Corporate Communications Department
TEL: +81-3-6285-3100

Notice on Transfer of Ship Trading Business to Wholly-Owned Subsidiary through Company Split (simple absorption-type)

Sumitomo Corporation hereby announces that it has resolved at its Board of Directors meeting held today to conclude an absorption-type split agreement on a company split (hereinafter, the “Company Split”) with its wholly-owned subsidiary, Sumisho Marine Co., Ltd. (hereinafter, “Sumisho Marine”). Under this agreement, which is scheduled to come into effect on April 1, 2021, Sumitomo Corporation is to transfer a portion of its ship business to Sumisho Marine.

Because the Company Split is a simple absorption-type split involving a 100% consolidated subsidiary, certain disclosure items/details have been omitted from this announcement.

1. Purpose of the Company Split

Through the Company Split, Sumitomo Corporation will transfer its strong ship trading business to Sumisho Marine, thereby integrating related functions with the aim of further enhancing the group’s corporate value. In the ship trading business, in addition to new demand associated with the stable growth of seaborne trade, we also expect to see an accelerating demand for the replacement of existing ships, along with the enforcement of environmental regulations to control greenhouse gas emissions from ships. In order to respond to these business opportunities and to maximize customer service, Sumisho Marine will form a specialized body to reinforce the system in this area, aiming to further enhance customer value and to further increase our profit as a group.

2. Overview of the Company Split

(1) Schedule for the Company Split

Resolution on the absorption-type split by the Board of Directors (Sumitomo Corporation and Sumisho Marine)	December 22, 2020
Conclusion of the absorption-type split agreement (Sumitomo Corporation and Sumisho Marine)	December 23, 2020 (scheduled)
Effective date of the Company Split	April 1, 2021 (scheduled)

(Note) Sumitomo Corporation, the splitting company, satisfies the requirements for a simple absorption-type split under the provisions of Article 784.2 of the Companies Act.

Sumisho Marine, the succeeding company, satisfies the requirements for a simple absorption-type split under the provision of Article 796.1 of the Act.

Hence, both companies will carry out the Company Split without approval from the General Meetings

of Shareholders.

(2) Method of the Company Split

This is an absorption-type company split (simple split), with Sumitomo Corporation as the splitting company and Sumisho Marine as the succeeding company.

(3) Allocation of shares in connection with the Company Split

Because the Company Split will be carried out with Sumisho Marine, a wholly-owned subsidiary, there will be no allocation or issue of shares or other form of compensation.

(4) Handling of share options and bonds with share options associated with the Company Split

There will be no changes made to share options issued by Sumitomo Corporation as a consequence of the Company Split. Moreover, Sumitomo Corporation has not issued bonds with share options.

(5) Changes in capital as a consequence of the Company Split

There will be no changes made in Sumitomo Corporation's capital as a consequence of the Company Split.

(6) Rights and obligations assumed by the succeeding company

Regarding the contractual status as well as rights and obligations under the contracts related to business activities deemed necessary to carry out the ship trading business, Sumisho Marine, the succeeding company, is to inherit those prescribed in the absorption-type split agreement upon the Company Split.

(7) Prospects for fulfillment of obligations

Sumitomo Corporation has determined that Sumisho Marine, the succeeding company, can be rightfully expected to fulfill the obligations it assumes with the Company Split.

3. Profiles of the Companies Involved in the Company Split

	Splitting company (As of March 31, 2020)	Succeeding company (As of March 31, 2020)
(1) Name	Sumitomo Corporation	Sumisho Marine Co., Ltd.
(2) Address	3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo	4-3 Kanda Nishiki-cho 1-Chome, Chiyoda-ku, Tokyo
(3) Name and title of representative	Representative Director, President and Chief Executive Officer Masayuki Hyodo	President and CEO Takashi Suhama
(4) Description of business	Integrated trading company	Management of ship holding companies; chartering, operation and maintenance of ships
(5) Capital	219,613 million yen (*1)	30 million yen

(6) Date established	December 24, 1919	November 12, 1996
(7) Outstanding stocks	1,250,985,467 shares (*2)	600 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. 8.77% Japan Trustee Services Bank, Ltd. 4.66% BNYM RE NORWEST/WELLS FARGO OMNIBUS 4.43% Sumitomo Life Insurance Company 2.47% Japan Trustee Services Bank, Ltd. 2.03%	Sumitomo Corporation 100%

(*1 and 2) The capital has increased by 168 million yen to 219,781 million yen due to the issuance of new shares as restricted stock-based remuneration on August 14, 2020.

The total number of outstanding stocks has also increased by 268,400 shares to 1,251,253,867 shares.

(10) Financial position and operating results for the most recent fiscal year (in millions of yen, except when otherwise specified)		
Company name	Sumitomo Corporation (consolidated)	Sumisho Marine
Fiscal year	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net assets (Equity attributable to owners of the parent)	2,544,133	77
Total assets	8,128,596	149
Net assets per share (yen) (Equity per share attributable to owners of the parent)	2,036.48	129,075.07
Revenues	—	372
Operating income	5,299,814	—
Ordinary income	—	22
Net income (Profit attributable to owners of the parent)	171,359	17
Net income per share (yen) (Earnings per share attributable to owners of the parent)	137.18	28,489.86

4. Outline of the Business Subject to the Company Split

(1) Business to be split
Ship trading business

(2) Operating results of the business to be split (fiscal year ended March 31, 2020)
Sales: 132.8 billion yen

(3) Assets and liabilities to be split (scheduled)

Assets		Liabilities	
Current assets	—	Current liabilities	—
Fixed assets	—	Fixed liabilities	—
Total	—	Total	—

(Note) No assets and liabilities are expected to be split at the present time. The only rights and obligations inherited by the succeeding company through the Company Split are those provided in

(6) Rights and obligations assumed by the succeeding company of “2. Overview of the Company Split.”

5. Status of the Companies Involved after the Company Split

There will be no changes made to Sumitomo Corporation’s name, address, name/title of representative, business activities, capital and fiscal term as a consequence of the Company Split.

There will also be no changes made to Sumisho Marine, the succeeding company, with regard to its name, name/title of representative, business activities, capital and fiscal term.

However, its address is scheduled to be changed to the following:

New address: 2-1 Kanda Nishiki-cho 2-Chome, Chiyoda-ku, Tokyo

Scheduled date of relocation: April 1, 2021

6. Future Outlook

The effects of the Company Split on Sumitomo Corporation’s consolidated financial results are expected to be minor since it is a transaction with its wholly-owned subsidiary.

(Reference) Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (announced on November 6, 2020) and consolidated results for the previous fiscal year

	Profit for the year attributable to owners of the parent	Earnings per share attributable to owners of the parent
Unit	million yen	yen
Forecasts for the current fiscal year (ending March 31,	(150,000)	(120.01)

2021)		
Results for the previous fiscal year (ended March 31, 2020)	171,359	137.18

(Note) 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. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. Sumitomo Corporation is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

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