



PART
02

Segment Overview

Demonstrating the true value of each business through enhancement of business strategy management to further improve earning power

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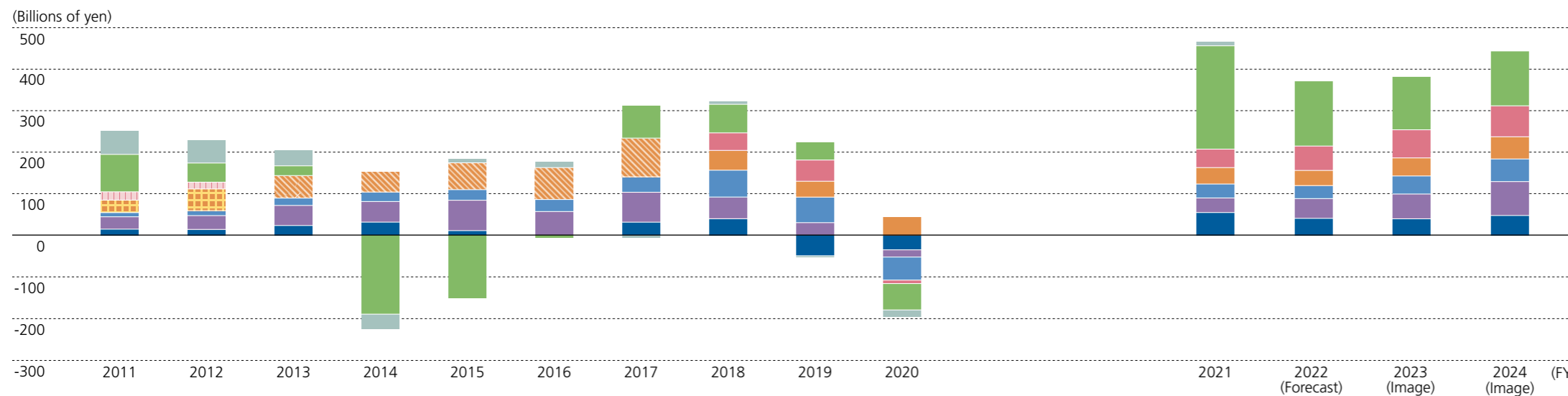
	Metal Products		Transportation & Construction Systems		Infrastructure		Media & Digital		Living Related & Real Estate		Mineral Resources, Energy, Chemical & Electronics		Corporate and Eliminations		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
(Billions of yen)																
Gross profit	66.2	140.3	140.4	189.4	15.5	71.5	105.3	111.0	235.4	222.7	160.1	271.2	6.5	3.6	729.5	1,009.6
Selling, general and administrative expenses	-78.6	-74.9	-140.1	-149.5	-57.3	-57.9	-79.3	-85.1	-191.4	-187.4	-119.2	-129.3	-9.5	-29.8	-678.9	-713.9
Share of profit (loss) of investments accounted for using the equity method	-9.2	8.2	-2.1	5.8	-3.6	10.0	40.4	36.0	4.5	8.0	-70.9	107.5	-0.5	1.3	-41.4	176.8
Profit (loss) for the year*1	-39.8	55.2	-17.5	34.9	-55.2	33.3	44.3	39.4	-4.8	44.0	-59.5	247.3	-20.6	9.5	-153.1	463.7
One-off profits (losses) Rounded figures	-46.0	-1.0	-43.0	-37.0	-94.0	3.0	0	1.0	-43.0	-10.0	-96.0	51.0	-28.0	0	-351.0	7.0
Profit (loss) excluding one-off effects Rounded figures	7.0	56.0	26.0	72.0	39.0	31.0	44.0	38.0	39.0	54.0	36.0	196.0	8.0	9.0	198.0	457.0
Basic profit cash flow*2	-3.3	53.0	14.9	41.5	-16.9	23.1	41.5	41.4	32.6	43.9	47.7	154.5	14.4	2.1	130.8	359.5
Investments and loans Rounded figures	6.0	3.0	83.0	43.0	64.0	122.0	27.0	50.0	35.0	37.0	40.0	28.0	—	—	260.0	290.0
Total assets	821.7	982.2	1,748.5	1,751.9	1,002.5	1,228.7	918.3	1,009.2	1,424.1	1,526.5	1,823.9	2,747.2	340.9	336.5	8,080.0	9,582.2
Trade and other receivables	329.6	341.0	291.6	290.3	275.0	313.3	81.6	86.4	153.5	155.1	484.5	748.0	-73.0	-96.3	1,543.0	1,837.8
Goodwill	4.6	5.1	52.8	46.6	1.0	—	13.9	13.9	30.3	32.6	7.1	7.2	0.1	0.1	109.8	105.5
Number of employees (Non-consolidated base)	625	517	686	650	629	633	501	509	534	459	890	899	1,375	1,483	5,240	5,150
Number of employees (Consolidated base)	7,054	5,938	19,666	18,978	3,698	3,666	15,148	15,557	16,674	16,595	9,717	10,313	2,963	3,206	74,920	74,253

*1 Due to reorganization carried out as April 1, 2021, FY2020 results are described on a reclassified basis.

*2 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

Profit (Loss) for the Year by Segment

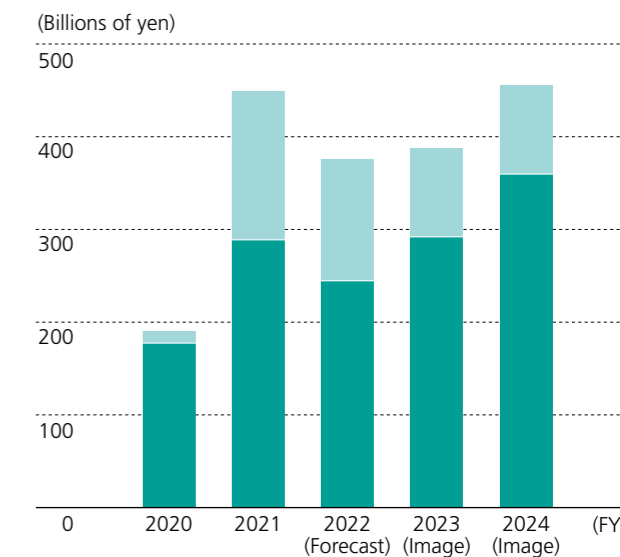
■ Metal Products
 ■ Transportation & Construction Systems
 ■ Infrastructure
 ■ Media & Digital
 ■ Living Related & Real Estate
 ■ Media, Network & Lifestyle Retail (until FY2012)
 ■ General Products & Real Estate (until FY2012)



Notes: 1 Effective April 1, 2018, the Environment & Infrastructure Business Unit was renamed the Infrastructure Business Unit.
 2 The business results of Domestic Regional Business Units and Offices as well as Overseas Subsidiaries and Branches were included in Corporate and Eliminations, but starting in FY2014 and FY2016, respectively, they have been included in the business results of each business unit.

Trend for Profit (Loss) for the Year Attributable to Owners of the Parent Excluding One-Off Effects

■ Mineral resources*3
 ■ Non-mineral resources*4



*3 Mineral resources: Represents the total of Mineral Resources Division No. 1, Mineral Resources Division No. 2, and the Energy Division
 *4 Non-mineral resources: Calculated by subtracting Mineral Resources and Corporate and Eliminations from the total

The Metal Products Business Unit has built a supply chain for steel products with optimal conditions for each industry and is also involved in those operations. We will also further contribute to society by improving functions and value through the implementation of measures to address climate change and the utilization of DX.

Business overview

- Trade of steel products (steel sheets, plates, wires, tubular products such as oil country tubular goods (OCTG) and line pipe, etc.)
- Processing of steel sheets and tubular products, and other related businesses

Katsuya Inubushi
General Manager



Overview of FY2021 performance

In FY2021, the Metal Products Business Unit posted profit of ¥55.2 billion, an increase of ¥95.0 billion from the previous fiscal year. This was mainly due to an increase in earnings for the overseas steel service center business and the tubular products business in North America, in addition to the absence of impairment loss recorded in the tubular products business in the previous fiscal year.

SWOT

Strengths

- Expertise, solution capabilities, and a strong customer network in steel products and tubular products
- Global development of a strong supply chain firmly rooted in each region
- Strategic partnerships with energy majors
- One of the world's largest OCTG distribution businesses
- Leading market shares in unique segments such as railway products and equipment

Opportunities

- Social demand for a decarbonized/recycling-oriented society
- Preparation of infrastructure for urbanization and railways in emerging countries
- Environmental response for various transportation equipment

Examples of initiatives

- Expansion of sales of tubular products for CCS*
- Development of construction steel sheet manufacturing business and delivery of railway products and equipment
- Expansion of sales of steel products for EVs

Risks

- Drastic fluctuations in mineral resource prices and fluctuations in the global supply-demand balance
- Structural changes in the industry and transition to alternative materials for existing products in conjunction with environmental response

Measures

- Further strengthening of regional sales capabilities, including local production for local consumption, and resistance to market fluctuations
- Cultivation and uncovering of new demand for existing products and companywide response to structural changes in the industry

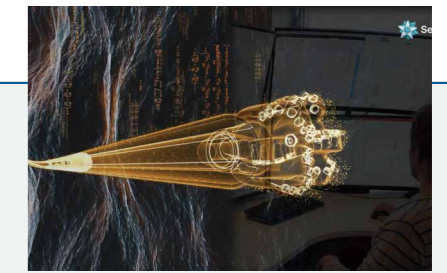
* CCS: Carbon dioxide Capture and Storage Technology for capturing CO₂, isolating and sequestering it in the ground or offshore, and storing it



Specialty steel business (India)



Steel service center (Thailand)



Sekal software for improving drilling efficiency (Norway)

Progress/achievement in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	OCTG and Line Pipe	<ul style="list-style-type: none"> • Improved supply chain management for the energy industry and cultivated new demand for tubular products such as for CCS and hydrogen transportation
Value Creation	Steel Products	<ul style="list-style-type: none"> • Enhanced management efficiency through rigorous structural reform and accelerated the cultivation of environmental responses and regional strategies
	North America Tubular Product Group Companies	<ul style="list-style-type: none"> • Steady progress on activities for structural reform and enhancement of risk resistance at each group company
Seeding	Tubular Business Development	<ul style="list-style-type: none"> • Continued to expand sales of software that contributes to automation and efficiency at energy development sites

Strategy and initiatives for solving key social issues

In Japan, approximately 70% of the steel products handled by the Metal Products Business Unit are manufactured via the blast furnace reduction method. Steel manufacturers have already started developing steelmaking technology for realizing carbon neutrality by 2050. As such, our business unit has also begun looking into the possibility of collaboration on such matters as improving the surrounding environment together with other business units.

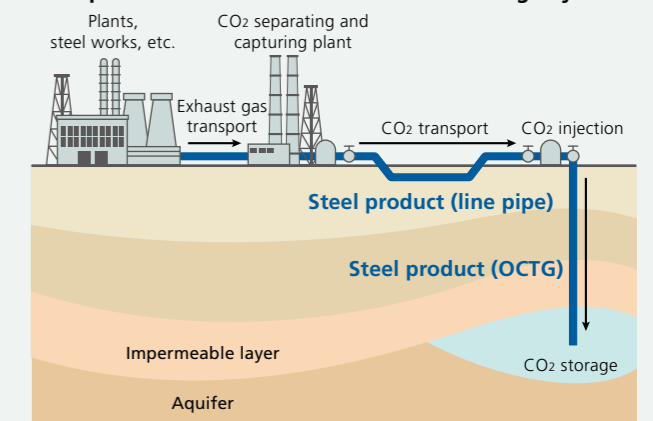
Up to now, we have played an important role in contributing to the stability and expansion of production activities by building a highly efficient supply chain and supplying high-quality steel products for various industries around the world. We are entering a period of great change in the business environment, and one of the prerequisites for business continuity is contributing to the realization of carbon neutrality in the area of the supply chain for steel products. At the same time, we believe this is an opportunity to create new functions and value.

We will make full use of the knowledge cultivated in the iron & steel business and the extensive groupwide knowledge and network that we possess as an integrated trading company as we promote various initiatives. Examples of this include securing and supplying iron sources that will contribute to a reduction of CO₂ emissions in the manufacturing process of steel products, creating a new upcycling system to turn products that have

fulfilled their purpose back into materials, and cultivating the new demand required for decarbonization in CO₂ storage and hydrogen transportation.

In addition, on the demand side, we will make specific contributions to the efforts of society as a whole, for example, by expanding our lineup of steel products related to applications that contribute to the reduction of CO₂ emissions while utilizing the strategic partnerships with energy companies cultivated in the tubular products business.

Example Use of Tubular Products in CO₂ Storage System



The Transportation & Construction Systems Business Unit seeks to achieve sustainable growth while flexibly expanding, fusing, and advancing our business domains. We will accomplish this through our particular strengths, which include the leasing and financing business, the global reach of our value chains in the ship, automotive, and construction and mining equipment businesses, and our advanced expertise in the aerospace-related business.

Business overview

- Trade of ships, aircraft, automobiles, motorcycles, construction and mining equipment, agricultural machinery, and industrial vehicles, and their related equipment and components as well as other associated businesses
- Leasing and financing business

Norihiko Nonaka
General Manager



Overview of FY2021 performance

In FY2021, the Transportation & Construction Systems Business Unit posted profit of ¥34.9 billion, an increase of ¥52.4 billion from the previous fiscal year. This was mainly due to an increase in earnings for the leasing business and the automotive-related business, in addition to the absence of one-off losses recorded in the automotive financing business in Indonesia in the previous fiscal year, while the aircraft leasing business recorded a loss related to the Russia-Ukraine situation.

SWOT

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

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

Examples of initiatives

- General Leasing: Expansion of operating assets in the environmental, real estate, and other fields (utilization of financial business foundation)
- Beyond Mobility: Consideration of starting an inter-company EV car sharing business (addressing the decreased operating ratio of company cars during the pandemic and corporate inclination toward decarbonization)
- Ship: Development of low CO₂ emission ships
Fleet Management: Introduction of EV leasing and development of a car sharing environment or municipalities (decarbonization)
- Construction Equipment Rental: Enhancement of business data analytics (reduction of delivery/repair costs and improvement in the operating ratio as well as the resale price of owned equipment)

Risks

- Changes in market needs arising from movement restrictions and changes in dynamics of people and goods as a result of the COVID-19 pandemic
- Geopolitical risks, including the Russia-Ukraine situation
- Cyclical markets

Measures

- Strengthening of earnings structure through cost reductions and improvement of products and services in anticipation of changes in market needs
- Reduction of inventory and foreign exchange risks through review of the supply chain and alignment with the international community
- Reduction of exposure to businesses with low market risk tolerance and strengthening of businesses that are less susceptible to market conditions



Ship business



Construction equipment business



Automotive business

Progress/achievement in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	General Leasing	• Increasing prime assets and expanding business areas with a focus on global assets, real estate, environmental energy, etc.
	Construction Equipment Rental	• Improving the profitability and efficiency of existing operating assets, and expanding the earnings base by increasing the number of business sites and products and accumulating operating assets
Value Creation	Fleet Management	• Enhancing profitability in Japan's largest auto leasing business and promoting initiatives for new businesses in the mobility (movement of people and goods) domain
	Mobility Hubs	• Completing post-acquisition integration measures in the Northern Europe parking provider business and optimizing business sites in anticipation of changes in post-COVID-19 mobility demand
	Tires	• Promoting a turnaround through management and business structural reforms in the U.S. tire wholesale and retail business
Seeding	Beyond Mobility	• Creating new services related to mobility (movement of people and goods) that go beyond the boundaries of conventional business domains in anticipation of the evolution of technology and social issues

Initiatives utilizing management capital

The Transportation & Construction Systems Business Unit leverages the presence in a wide range of industries (business relationship capital) and multifaceted business expertise (intellectual capital) of Sumitomo Corporation and group companies to enhance profitability and promote business model reform.

One example is how the Sumitomo Mitsui Finance and Leasing (SMFL) Group, which belongs to the General Leasing SBU, is focusing on expansion of its business domain and development of a new foundation for growth with the aim of transitioning from a company that mainly provides financial solutions to customers to a company that operates businesses with financial functions.

For example, to expand business in the environmental field, including decarbonization, the group is shifting the business model from that of financing transactions, such as conventional leasing of renewable energy equipment, to investment in and management of a power generation business based on renewable energy. Through this, the group contributes to decarbonized management among customers in various industries.

Moreover, in the real estate field, the SMFL Group is expanding its business domains to include asset management and operation on top of conventional leasing, including adding

Kenedix, Inc., the largest company in the real estate asset management industry, to the Group in FY2020.

We are also leveraging the expertise, network, and other assets cultivated by Sumitomo Corporation and the SMFL Group to work on new businesses in other fields and overseas markets based on our strength of having various industry, social, and community touch points.



Leasing business

The Infrastructure Business Unit will contribute to the development of local communities and economies through the creation of new value to help resolve the challenges of local societies ahead of social changes. We will also promote businesses arising from the pursuit of carbon neutrality and contribute to resolving climate change on a global basis.

Business overview

- Social infrastructure businesses such as domestic electric retail, energy management, water supply, transportation systems & infrastructure, and airport, port, and Smart City development projects
- Electric power infrastructure businesses such as independent (water and) power producer (I(W)PP) and engineering, procurement, and construction (EPC) in both Japan and overseas, including renewable energy
- Logistics infrastructure businesses such as logistics, development and operation of overseas industrial parks, as well as the procurement and development-related business in insurance



Yukihiro Honda
General Manager

Overview of FY2021 performance

In FY2021, the Infrastructure Business Unit posted profit of ¥33.3 billion, an increase of ¥88.5 billion from the previous fiscal year. This is mainly due to the absence of the additional cost accompanied by delay in construction of EPC projects which was recorded in the previous fiscal year, despite the decreased progress of those projects entering the final stage of construction. The increase is also attributable to the absence of one-off losses, including an impairment loss for the IPP business in Australia, in the previous fiscal year.

SWOT

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

Opportunities

- Increased demand for environment-friendly infrastructure businesses such as the renewable power generation business
- 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

Examples of initiatives

- Started construction for onshore wind power project in Abukuma, Fukushima, one of the largest in Japan, and purchased additional equity stake in Indonesian geothermal power project
- Expansion of water infrastructure business in Shandong, China and initiatives for rooftop solar power generation in industrial parks
- Development of new industrial park in Bangladesh

Risks

- Changes in business conditions or tightened regulations for coal-fired power plants
- Intensification of competitive business environment with the entry of manufacturers from emerging countries and new business operators
- Fluctuations in resource prices and domestic electric power market

Measures

- Promoting energy transition to achieve carbon neutrality by 2050 and new electric power and energy services business through co-creation with the Energy Innovation Initiative (EII)
- Increasing of value through utilization of EPC functions, environmental value, and DX
- Enhancement of supply-demand adjustment function through in-house power generation and electric power demand prediction, and thorough market risk management



Solar power generation in Thang Long Industrial Park (Vietnam)



Geothermal power plant in Muara Laboh (Indonesia)



Water infrastructure business in Shandong (China)

Progress/achievement in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Social Infrastructure	<ul style="list-style-type: none"> • Expanded high-quality infrastructure assets that contribute to solutions to the social challenges of local communities - Expanded water infrastructure business in China - Signed a memorandum of understanding (MOU) on infrastructure development in Da Nang, Vietnam
	Renewable Energy IPP	<ul style="list-style-type: none"> • Expanded renewable energy business in Japan and overseas - Started construction for onshore wind power project in Abukuma, Fukushima - Purchased additional equity stake in Indonesian geothermal power project
	Overseas Industrial Park	<ul style="list-style-type: none"> • Expanded existing businesses, promoted development of new businesses, and enhanced services for tenant companies at industrial parks - Developed new industrial park in Bangladesh - Expanded rooftop solar power generation business
Value Creation	EPC + Trading (Transportation)	<ul style="list-style-type: none"> • Promoted deliveries of train cars and efforts to receive EPC orders - Received orders for new projects such as delivery of train cars for the project to extend the North-South commuter railway in the Philippines
	Integrated Logistics Services	<ul style="list-style-type: none"> • Utilized DX for business expansion to address various logistics needs - Worked on commercialization of budgetary control/personnel allocation optimization service for logistics centers
Seeding	Smart City	<ul style="list-style-type: none"> • Engaged in high-value urban development through introduction of smart services based on residential needs - Promoted consultation on Smart City town management in northern Hanoi, Vietnam

Strategy and initiatives for solving key social issues

The Infrastructure Business Unit is contributing to solutions to key social issues through its business activities.

Sumitomo Corporation is promoting initiatives for achieving carbon neutrality by 2050 and a sustainable energy cycle for society to help resolve climate change. In the power generation business, we are promoting a low-carbon power generation portfolio by focusing on generation of power from renewable energy and will not be involved in any new coal-fired power business. In addition, we are pursuing the realization of a carbon-neutral global society by working on energy transition to contribute to sustainable decarbonization balanced with the development of local communities. In the logistics business, Sumisho Global Logistics Co., Ltd. is working on the calculation and qualification of CO2 emissions in international transportation operations subcontracted to it by the Group. These emissions calculations are assured by a third party based on the International Standard on Assurance Engagements. We will further expand our services to include proposal and arrangement of transportation methods that will lead to reduction of CO2 emissions, and strive to create new value in the logistics business.

In addition, as an initiative for the development of

local communities and economies, we are promoting the expansion of high-quality social infrastructure, including water infrastructure, transportation, airports, and container terminals. We see business opportunities in increased demand for basic infrastructure in conjunction with the rapid economic and population growth in emerging countries and the opening up of public infrastructure to private capital. As such, we will focus on the social infrastructure business to provide infrastructure for people's daily lives, thereby supporting the development of local communities and economies.



NorthWind offshore wind farm (Belgium)

The Media & Digital Business Unit aims to create value with impact and scale by utilizing digital technology and data. We will also contribute to enhancing corporate and social value by utilizing DX.

Business overview

- Media businesses such as the cable TV, multi-channel programming distribution, 5th Generation Mobile Communication System (5G) Related Business, TV shopping business, and digital media
- Digital solutions businesses such as information and communications technology (ICT) platform, IT solution business, and global corporate venture capital (CVC) business
- Smart platform businesses such as overseas telecommunications business and value-added service businesses



Masaki Nakajima
General Manager

Overview of FY2021 performance

In FY2021, the Media & Digital Business Unit posted profit of ¥39.4 billion, a decrease of ¥4.9 billion from the previous fiscal year. This is mainly due to a decrease in earnings for the overseas telecommunications business, while major domestic group companies showed stable performance.

SWOT

Strengths

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

Opportunities

- Expansion of opportunities to resolve social issues with digital technologies
- Increase in DX demand arising from accelerated transformation of social activities
- Creation and expansion of new markets with 5G mobile technologies
- Deregulation of online medical consultation in Japan
- Multifaceted development through business alliance in various fields with Vodafone Group Plc.

Examples of initiatives

- DX solutions through collaboration with partners such as SCSK
- Enhancement of initiatives for the utilization of DX in all fields, especially in our next-generation growth fields
- Launched 5G base station sharing services business and local 5G business
- Launched J:COM online medical consultation service
- Joint venture in telecommunications business in Ethiopia

Risks

- Changes in the global industrial structure and consumer behavior as a result of digital disruption
- Intensified competition to secure IT and DX human resources across various industries
- Competition arising from the fusion between broadcasting and telecommunications
- Country risk in businesses based in emerging countries such as changes in policies or regulations

Measures

- Utilization of cutting-edge technologies led by our global CVC bases
- Expansion of our technical and professional organization in DX and provision of DX development program for all employees
- Alignment with video streaming services, enhancement of mobile services
- Cooperation with national governments and international agencies



JCOM headquarters



SCSK headquarters



Telecommunications business in Ethiopia

Progress/achievement in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Digital Solutions	<ul style="list-style-type: none"> • Promoted joint DX projects with SCSK • Enhanced DX capabilities • Invested in start-up companies through our global CVC bases
	Overseas Telecommunications	<ul style="list-style-type: none"> • Launched telecommunications services in Ethiopia
Value Creation	Cable TV	<ul style="list-style-type: none"> • Enhanced core services (internet, video streaming, mobile phones) • Expanded living-related services (insurance, online medical consultations, etc.)
	TV Shopping	<ul style="list-style-type: none"> • Expanded live commerce with Jupiter Shop Channel • Acquired younger generation customers through e-commerce
Seeding	5G	<ul style="list-style-type: none"> • Launched 5G base station sharing services business • Promoted initiatives for local 5G business
	Data Utilization	<ul style="list-style-type: none"> • Expanded data marketing capabilities • Strengthened branding business

Strategy and initiatives for solving key social issues

The Media & Digital Business Unit positions 5G as a key technology in the promotion of DX and a key platform impacting society as a whole. The unit aligns with other business units and is working on the base station sharing service business and the local 5G business for the realization of a sustainable society that can help resolve various social issues.

In the base station sharing service business, we established Sharing Design Inc. together with Tokyu Corporation and are providing base station sharing services to mobile communications carriers, including 5G communications. The aim of this business is to quickly build a 5G network and to contribute to the reduction of environmental impact by reducing the construction of base stations while addressing issues such as the capital investment required of mobile communications carriers and land shortages.

In the local 5G business, we leveraged the community-based business foundation and communications infrastructure that we have long cultivated in the cable TV business, and provided local 5G infrastructure to municipalities and companies together with our group company GRAPE ONE Ltd.

This business unit aims to solve challenges in various fields, including plants, universities, seaports, and railways as well as

disaster prevention, by utilizing local 5G, starting with the field tests of the Ministry of Internal Affairs and Communications. At the same time, the unit strives to improve and advance convenience in local communities. We will contribute to regional revitalization through these initiatives.



Image of 5G base station sharing coverage area

The Living Related & Real Estate Business Unit will develop businesses that provide products and services that are close to consumers on a global basis while utilizing advanced technology to create new value and lifestyles, thereby contributing to the development of comfortable and exciting infrastructure for life.

Business overview

- Retail businesses such as supermarkets and healthcare businesses such as drugstores with dispensing pharmacy
- Food production, processing, and distribution businesses such as for fruits, vegetables, and meat as well as food materials such as grains, oils, and sweeteners
- Construction materials such as building materials and cement and real estate businesses

Kotaro Tameda
General Manager



Overview of FY2021 performance

In FY2021, the Living Related & Real Estate Business Unit posted profit of ¥44.0 billion, an increase of ¥48.8 billion from the previous fiscal year. This was primarily owing to the absence of an impairment loss recorded for the fresh produce business in Europe and the Americas in the previous fiscal year and an increase in earnings of such business due to market recovery in the United States. The increase was also attributable to large-scale earnings in the real estate business.

SWOT

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

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

Examples of initiatives

- Expansion of the retail business in Asia
- Expansion of a community-based integrated care business centered on the dispensing pharmacy business and development of the managed care business in emerging countries
- Acquisition of ESG-related certifications
- Accumulation of prime assets and realization of profitable portfolio
▶ Refer to p. 49

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

Measures

- Building of a highly efficient management structure
- Strengthening of resilience through diversification of production areas and upgrading of equipment
- Diversification of suppliers and strengthening of procurement, development, and planning/proposal capabilities to suit demand
- Early ascertainment of financial market trends, analysis of impact on the real estate market, and timely and appropriate decisions on development, disposition, etc.



Summit supermarket chain



Yongenton Silky Pork / Premium oil made by Summit Oil Mill



HARUMI FLAG complex urban development project

Progress/achievement in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business growth	Retail	<ul style="list-style-type: none"> • Expanded presence in the Tokyo metropolitan area by aggressively opening Summit stores • Enhanced profitability by promoting retail DX measures
	Domestic Healthcare	<ul style="list-style-type: none"> • Expanded the drug store and dispensing pharmacy business centered on Tomod's • Developed peripheral domains such as a community-based integrated care business centered on the dispensing pharmacy business
	Overseas Healthcare	<ul style="list-style-type: none"> • Expanded the customer and management bases in the managed care business • Expanded operations into ASEAN
	Food Distribution	<ul style="list-style-type: none"> • Further strengthened the business of SC Foods Co., Ltd. by coordinating with existing group companies and developing differentiated products • Strengthened the business through closer coordination with the Retail SBU
Value Creation	Domestic Real Estate	<ul style="list-style-type: none"> • Accumulated prime assets mainly in strategic areas, and steadily implemented B/S management by utilizing external funds such as investment funds and REITs
	Global Fresh Produce	<ul style="list-style-type: none"> • Introduced new management team, established the Sustainability Policy, and exited from unprofitable businesses to complete the turnaround plan and further enhance profitability
	Building Materials and Cement	<ul style="list-style-type: none"> • Further expanded the earnings base of industry-leading group companies through enhanced collaboration with the real estate business
	Overseas Real Estate	<ul style="list-style-type: none"> • Exited from unprofitable businesses to reconstruct the portfolio, recovered capital, and executed new investments in priority fields

Strategy and initiatives for solving key social issues

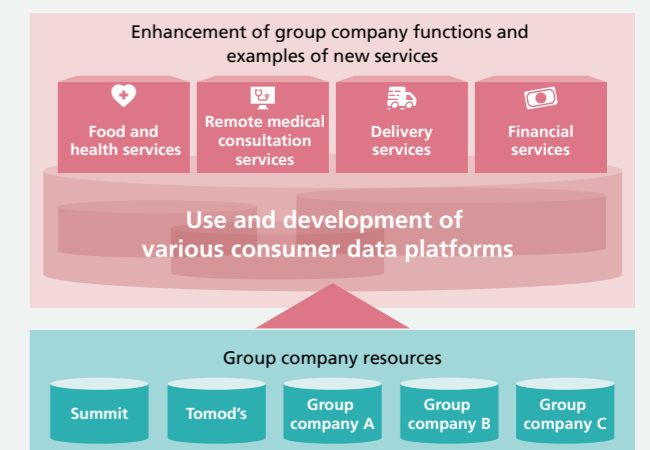
The Living Related & Real Estate Business Unit has long supported the daily lives of consumers, operating retail businesses such as Summit, Tomod's, and commercial facilities primarily in the Tokyo metropolitan area. On the other hand, while there is a high level of interest in living a long and healthy life among consumers, there are more people who have difficulties shopping due to old age, and society has reached a turning point in terms of diversification of dietary habits, increased awareness of protecting the global environment, and more. As such, people are seeking the provision of new value for solving social issues that goes beyond the provision of products and services.

We believe that combining data with digital technology will provide a breakthrough for solving social issues, so we launched the Retail DX Project together with the Media & Digital Business Unit and are working on the creation of new value. This includes the following initiatives.

1. Improvement of AI analysis of purchase data (Improving customer satisfaction through optimization of the product lineup, reducing food loss, etc.)
2. Creation of new services (Services related to maintaining health, preventing disease, etc.)
3. Cross-industry collaboration (Coordination of DX in the retail businesses of the Sumitomo Corporation Group)

Through these initiatives, our aim is to improve convenience and solve social issues while listening to the feedback we receive from individual consumers.

Business Model Expanding through Sharing and Utilization of Consumer Data



The Mineral Resources, Energy, Chemical & Electronics Business Unit considers the changes brought about by social demand and megatrends for sustainability as great opportunities. By upgrading our existing businesses and creating new ones, we continue to create social, environmental, and economic value in the fields of mineral resources & energy and chemical & electronics.

Business overview

- Businesses related to non-ferrous metal materials and their finished products, coal, iron ore, petroleum, natural gas, and carbon-related materials and their finished products
- Businesses related to basic chemicals (organic/inorganic chemicals, and biochemicals), battery materials, electronic materials, electronics, pharmaceuticals, cosmetics, crop protection products, fertilizers, and veterinary medicines

Yoshiyuki Sakamoto
General Manager



Overview of FY2021 performance

In FY2021, the Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of ¥247.3 billion, an increase of ¥306.8 billion from the previous fiscal year. This was primarily owing to an increase in earnings stemming from the increase in sales volume due to resumption of operation in March 2021 and one-off profits stemming from restructuring of project finance in the nickel mining and refining business in Madagascar, in addition to the absence of impairment loss recorded in the previous fiscal year in that business. The increase is also attributable to recording profit in the sale of the copper and molybdenum mining business in Chile, high mineral resources prices, and stable performance of the chemical trade and the agricultural input business.

SWOT

Strengths

- Experience and expertise in 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 EMS, agricultural inputs, and aluminum smelting
- Sales network for crop protection products in countries worldwide
- Derivative trading function

Opportunities

- Global trend of energy transition
- Changes in demand for a decarbonized/recycling-oriented society
- Higher expectations for improved agricultural productivity

Examples of initiatives

- Identification of business model through participation in the energy transition business in the United Kingdom
- Green initiatives (green aluminum, green steel, green chemicals)
- Geographic expansion of the agricultural input & service business and enhancement of functions through utilization of DX

Risks

- Impact of the prolonged spread of COVID-19
- Further increase in awareness of the problem of climate change
- External factors such as geopolitical risks and climate

Measures

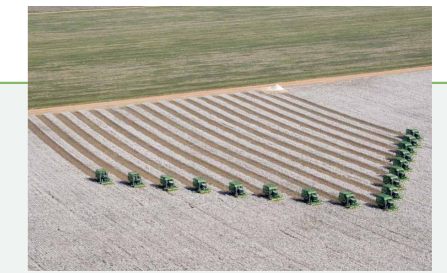
- Continuation of operations putting safety and security first, leveraging experience with the business continuity plan (BCP) response in the manufacturing business in each region
- Downsizing and withdrawal from the fossil fuel upstream business
- Diversification of exposure through multiregional development and strengthening of risk tolerance through optimization of product and service portfolios



Cerro Verde Copper Mine (Peru)



Electronics manufacturing services (EMS) business (Cambodia)



Agribusiness (Brazil)

Progress/achievement in main SBUs

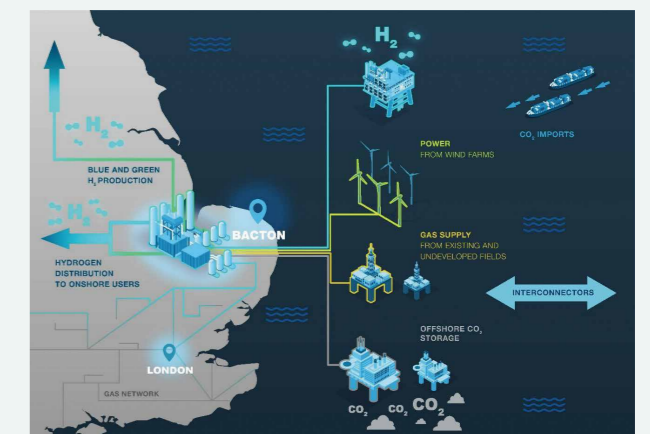
Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Aluminum Value Chain	• Rolled out a business model that generates profit from both aluminum smelting investment and base metal trading to Europe and the United States
	Agribusiness	• Strengthened existing businesses through the expansion of products and functions in agricultural material trades and direct sales as well as geographic expansion
	EMS	• Further enhanced BCP response capabilities, a strength, and further improved production efficiency
Value Creation	Upstream of Metal Resources	• Shifted management resources to copper, nickel, and other products that are expected to grow in demand in the medium to long term from the perspective of sustainability, and promoted the optimization of the upstream asset portfolio
	Basic Chemicals	• Adjusted supply-demand balance and strengthened distribution services function by utilizing existing business foundation, including customers, suppliers, manufacturing business, and logistics assets
	Pharmaceuticals/Cosmetics	• Further expanded the pharmaceutical trade and expanded green materials for cosmetics by utilizing our global network

Strategy and initiatives for solving key social issues

Situated in southeastern United Kingdom, the Bacton Gas Terminal is a large-scale natural gas gathering site that handles approximately one-third of the natural gas demand in the United Kingdom. As part of the U.K. government's efforts to shift to clean energy across the country, it is planning to establish a value chain encompassing manufacture, storage, and transportation of hydrogen at the Bacton Gas Terminal and its surrounding areas with the aim of promoting carbon neutrality. The project is planning to cover blue hydrogen production based on natural gas reforming and CCS, with incorporation later of green hydrogen production using offshore wind power. Early-stage hydrogen production is planned to commence in 2030. The Bacton Gas Terminal has pipelines, which will potentially allow hydrogen to be exported to the European continent in the future.

The Sumitomo Corporation Group has been selected to participate in the feasibility study for the project through a public solicitation issued by the Oil and Gas Authority, the U.K.'s administrative authority responsible for the U.K.'s oil and gas industry. Starting in 2022, five Special Interest Groups (SIGs) will research regional hydrogen supply scenarios, formulate hydrogen demand models, and verify major infrastructure toward the goal of reaching a decision to commercialize the project in 2025. The Sumitomo Corporation Group will proactively contribute as the lead company of the Hydrogen Supply SIG and as a core member of the Hydrogen Demand SIG.

By collaborating with energy businesses and others around the world, the Sumitomo Corporation Group will work toward regional carbon neutrality in the United Kingdom, the world's leader in decarbonization, utilizing the many years of experience, knowledge, and network acquired through the upstream oil and gas business in the North Sea and the United States. Additionally, the Group will take further steps to accumulate knowledge and experience in the business for Energy Innovation, which is one of its next-generation growth strategy themes, and accelerate the creation of new businesses, while also endeavoring to contribute to resolving social issues.



Project concept