

Consolidated Annual Results FY2019 (Year ended March 31, 2020)

[Prepared on the basis of International Financial Reporting Standards]

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Scheduled Ordinary Shareholder's Meeting Date: June 19, 2020
Scheduled Securities Report Submission Date: June 19, 2020
Scheduled Starting Date of Dividend Payment: June 22, 2020
Supplementary Documents on Financial Results: Yes
Financial Results Meeting: Yes (for Financial Analysts)

1. Consolidated results for the year ended March 31, 2020

(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, 2020	5,299,814	(0.7)	251,922	(37.6)	189,517	(43.9)	171,359	(46.5)	(54,461)	—
Year ended March 31, 2019	5,339,238	10.6	404,017	(2.0)	337,787	1.2	320,523	3.9	321,969	14.2

	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, 2020	137.18	137.03	6.4	3.1
Year ended March 31, 2019	256.68	256.41	12.0	5.2

[Note] Share of profit (loss) of investments accounted for using the equity method (FY2019) 84,791 million yen (FY2018) 127,110 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, 2020	8,128,596	2,692,587	2,544,133	31.3	2,036.48
As of March 31, 2019	7,916,523	2,906,199	2,771,483	35.0	2,219.11

(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, 2020	326,618	(203,417)	(57,742)	710,371
Year ended March 31, 2019	268,883	(51,317)	(233,196)	660,359

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, 2019	—	37.00	—	38.00	75.00	93,665	29.2	3.5
Year ended March 31, 2020	—	45.00	—	35.00	80.00	99,941	58.3	3.8
Year ending March 31, 2021 (Forecasts)	—	35.00	—	35.00	70.00	—	—	—

[Note] Interim dividend consists of 35.00 yen for an ordinary dividend and 10.00 yen for the commemorative dividend for the 100th anniversary.

3. Forecasts for the year ending March 31, 2021

The earnings forecasts for the year ending March 31, 2021 will be announced as soon as they become reasonably estimable.

For further details please refer page 5 "3. Forecasts for fiscal year ending March 31, 2021."

Notes

(1) Change in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period: None

(2) Changes in accounting policies and accounting estimate

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

[Note] For further details please refer page 16 "Changes in accounting policies and others" and page 18 "Changes in accounting estimate."

(3) Outstanding stocks (Common stocks)

					(shares)
(i) Outstanding stocks including treasury stock	(March 31, 2020)	1,250,985,467	(March 31, 2019)	1,250,787,667	
(ii) Treasury stocks	(March 31, 2020)	1,702,929	(March 31, 2019)	1,872,865	
(iii) Average stocks	(April 1, 2019-March 31, 2020)	1,248,881,174	(April 1, 2018-March 31, 2019)	1,248,622,211	

[Note] With regard to number of stocks used in earnings per share attributable to owners of the parent, please refer page 20.

[Reference] Non-consolidated information

Non-consolidated results FY2019 (Year ended March 31, 2020)

(Remarks)

Amounts are rounded down to the nearest million.

% : change from the previous year.

(1) Operating results

	Total trading transactions		Operating income		Ordinary income		Net income	
	(millions of yen)	(increase/ decrease) (%)	(millions of yen)	(increase/ decrease) (%)	(millions of yen)	(increase/ decrease) (%)	(millions of yen)	(increase/ decrease) (%)
Year ended March 31, 2020	2,021,074	(14.1)	(44,579)	—	82,461	(68.7)	104,046	(59.6)
Year ended March 31, 2019	2,353,642	(16.4)	(24,878)	—	263,208	26.4	257,361	33.3

	Net income per share (basic)	Net income per share (diluted)
	(yen)	(yen)
Year ended March 31, 2020	83.29	83.23
Year ended March 31, 2019	206.10	205.92

(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, 2020	4,289,019	1,224,612	28.5	979.47
As of March 31, 2019	4,307,405	1,251,098	29.0	1,000.85

[Note] Shareholders' equity (As of March 31, 2020) 1,223,631 million yen (As of March 31, 2019) 1,249,973 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, 2020, amounted to 5,299.8 billion yen, representing a decrease of 39.4 billion yen from the previous fiscal year.

Gross profit totaled 873.7 billion yen decreased by 49.5 billion yen owing to San Cristobal silver-zinc-lead mining project in Bolivia decreased the earnings due mainly to lower mineral resources prices. Selling, general and administrative expenses increased by 29.9 billion yen to 677.4 billion yen.

Gain (loss) on fixed assets was loss of 61.8 billion yen due to recording impairment loss for tubular products business mainly in the U.S., representing a decrease of 57.8 billion yen from the previous fiscal year.

Gain (loss) on securities and other investments increased by 18.5 billion yen to 20.7 billion yen due to one-off profit from asset replacement.

Share of profit (loss) of investments accounted for using the equity method decreased by 42.3 billion yen to 84.8 billion yen, due to low performance of automotive related business while increase in earnings due to the absence of the impact from impairment loss posted in the Nickel mining and refining business in Madagascar in the previous year.

As a result, profit for the year attributable to owners of the parent totaled 171.4 billion yen, representing a decrease of 149.2 billion yen from the previous fiscal year. Basic profit(*1) totaled 222.0 billion yen, representing a decrease of 98.8 billion yen from the previous fiscal year.

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

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

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

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

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

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

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

(*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, 2020>

Total assets stood at 8,128.6 billion yen, representing an increase of 212.1 billion yen from the previous fiscal year-end due mainly to an increase by adopting IFRS 16 (change in accounting treatment for “lease”), despite a decrease of assets by Yen’s appreciation.

Equity attributable to owners of the parent totaled 2,544.1 billion yen, decreased by 227.4 billion yen from the previous fiscal year-end, due to the impact from Yen’s appreciation and dividend payment, despite an increase in retained earnings.

Interest-bearing liabilities (net) increased by 41.7 billion yen from the previous fiscal year-end, to 2,468.8 billion yen.

In consequence, the net debt-equity ratio (Interest-bearing liabilities (net)/ Equity attributable to owners of the parent) was 1.0.

<Cash flows>

Net cash provided by operating activities totaled 326.6 billion yen as basic profit cash flow(*2) totaled to an inflow of 239.0 billion yen because our core businesses generated cash while working capital increased.

Net cash used in investing activities totaled 203.4 billion yen. In this fiscal year, we executed investments approx. 350.0 billion yen primarily for the acquisition of the parking provider in northern Europe and the acquisition of office building in the U.S. On the other hand, we recovered funds of approx. 120.0 billion yen through the sale of offshore wind farms in the United Kingdom and the restructuring of aircraft engine leasing business.

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 123.2 billion yen.

Net cash used in financing activities totaled 57.7 billion yen due primarily to dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 710.4 billion yen as of March 31, 2020, representing an increase of 50.0 billion yen from the previous fiscal year-end.

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

(*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, 2021(*4)

As regards to the global economy, it has become stagnant due to impact from the worldwide outbreak of the COVID-19, and uncertainties on future outlook is increasing. We anticipate that the activities on economy will be lowered as both supply and demand are weakened because of municipal lockdown and travel restriction to control the outbreak. In advanced countries, including Japan, the economic activities have become stagnant. Also, among the emerging countries, although the activities on manufacturing have now recovered in China, the concerns for future prospect is increasing in other countries due to the impacts from the outbreak of the COVID-19. In mineral resources countries, there will be significant impacts due to lower mineral resources prices, such as oil price. We anticipate that there will be risks, such as re-outbreak of COVID-19, increase in uncertainties along with changes political and social situation, issues on non-performing loans and increase in geopolitical risks.

Under these circumstances, the recession on the global economy due to worldwide outbreak of the COVID-19 is impacting activities of our group companies. We have secured ample liquidity to keep our operation at this moment, and it is not impacting our business continuity. However, since the uncertainties on future outlook is increasing, we have changed our mindset to “emergency mode” and will have below measures preparing for prompt recovery for upcoming post-COVID-19 while maintaining the financial soundness:

- Through the effort on cash flow generation by screening investment severely and steady asset replacement, hold back the decrease of free cash flow, and enhance financial soundness by reducing interest-bearing liabilities. As for shareholder return, keep the same level of dividend as for the previous fiscal year following on our basic policy of paying shareholders a stable dividend over the long term.
- For realizing the prompt recovery for post-COVID-19, we will execute drastic structural reform including reviewing our strategies on portfolio management and upgrading our sustainability management.

Under these uncertainties, for the annual forecast of FY2020, there is a possibility to have financial impact for more than 100.0 billion yen subject to the assumption on the business environment. It is difficult to logically determine the degree of impacts and the timing to recover from the current situation. Therefore, we will disclose the annual forecasts promptly after confirming and analyzing the information on resuming economic activities such as plans to lift lockdowns of each countries.

The current situation reflecting COVID-19 influence for each segment is as follows. The impacts has occurred in the variety of business fields, especially “Metal”, “Transportation & Construction Systems”, “Mineral Resources, Energy, Chemical & Electronics” have already started to have large impacts. Business units, such as “Infrastructure”, “Media & Digital”, and “Living Related & Real Estate” are not affected largely at this moment and are keeping solid performance.

- In Metal Products Business Unit, the demand and price in the U.S. tubular products market has decreased, and there are some impacts from lower demand for automotive manufacturers and lower operating ratio in the overseas steel service centers.
- In Transportation & Construction Systems Business Unit, there are some requests for deferred payment from lessee of aircrafts and increasing in the credit cost by economic downturn in the leasing business. In automotive related business, there are some impacts from decrease in customers visiting TBC, temporary closure or lower operating ratio of automotive manufacturing business, and request increase for deferred payment from loanee in automotive financing business in Indonesia.

- In Infrastructure Business Unit, the peak-out of large-scale project construction progress and delay in construction of some projects are anticipated, while performance of IPP/IWPP business is stable.
- In Media & Digital Business Unit, there are some impacts to the user subscription due to restriction on salesforce activities of Jupiter Telecommunication. In addition to the impacts on new order for selling products, we need to put our attention to the situation on the delay in developing new projects for the customers of SCSK Corporation. Also, there may be some impacts from short business hour and store closure for T-Gaia Corporation.
- In Living Related & Real Estate Business Unit, there are some impacts from decrease in revenue from shopping mall business in real estate business and sales decline by lower market indicator in the U.S. in fresh produce business in Europe and the Americas, while performance of domestic supermarket business kept stable performance due to increasing in demand from home-meal replacement.
- In Mineral Resources, Energy, Chemical & Electronics Business Unit, there are some impacts from the closure of mining operations (nickel mining and refining business in Madagascar, iron ore mining projects in South Africa, and silver-zinc-lead mining project in Bolivia) and decline in mineral resources prices in other projects as well. In Chemicals & Electronics business, there are some impacts from decline in prices and the turmoil in its supply chains.

(*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.

During “Medium-Term Management Plan 2020” with its term from FY2018 to FY2020, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as our guideline.

Our consolidated profits of FY2019 resulted 171.4 billion yen due to rapid deterioration of business environment along with the worldwide outbreak of the COVID-19. Although the result was lower than our annual forecasts which was announced on Feb 7th, 2020, we plan to have the annual dividend for fiscal year ending March 31, 2020 to be 80 yen per share (the sum of ordinary dividend of 70 yen and commemorative dividend of 10 yen per share, the annual dividend of the FY2018 was 75 yen per share) as we follow our fundamental policy of paying shareholders a stable dividend over the long term and the fact that the decrease in earnings were mainly caused by one-off losses not impacting our cash flow. The year-end dividend is projected to be 35 yen per share since the interim dividend was 45 yen per share (the sum of ordinary dividend of 35 yen and commemorative dividend of 10 yen per share).

The annual ordinary dividend for the fiscal year ending March 31, 2021 is projected to be 70 yen per share which is the same ordinary dividend amount of FY2019 (the interim and the year-end dividend: 35 yen per share respectively), amount for commemorative dividend is eliminated, as we would like to avoid the situation of drastic reduction of dividend amount following on our fundamental policy of paying shareholders a stable dividend over the long term, though we anticipate that the negative impacts on our financial performance is inevitable by the current deterioration of business environment in FY2020.

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, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 710,371	¥ 660,359	\$ 6,578
Time deposits	10,262	10,492	95
Marketable securities	2,014	1,989	19
Trade and other receivables	1,231,088	1,340,451	11,398
Other financial assets	112,723	62,692	1,044
Inventories	929,981	925,204	8,611
Advance payments to suppliers	131,520	161,037	1,217
Assets classified as held for sale	—	56,034	—
Other current assets	408,432	329,392	3,782
Total current assets	3,536,391	3,547,650	32,744
Non-current assets:			
Investments accounted for using the equity method	2,025,255	2,130,517	18,752
Other investments	358,961	429,532	3,324
Trade and other receivables	331,871	371,420	3,073
Other financial assets	94,981	75,576	879
Property, plant and equipment	1,054,042	746,647	9,760
Intangible assets	288,913	259,759	2,675
Investment property	355,844	275,273	3,295
Biological assets	21,075	22,858	195
Prepaid expenses	23,186	21,043	215
Deferred tax assets	38,077	36,248	353
Total non-current assets	4,592,205	4,368,873	42,521
Total assets	¥ 8,128,596	¥ 7,916,523	\$ 75,265

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings	¥ 754,696	¥ 682,349	\$ 6,988
Trade and other payables	1,079,099	1,178,542	9,992
Lease liabilities	65,871	11,717	610
Other financial liabilities	87,578	50,787	811
Income tax payables	25,785	28,467	239
Accrued expenses	95,318	94,019	882
Contract liabilities	98,951	132,693	916
Provisions	4,837	8,356	45
Liabilities associated with assets classified as held for sale	—	8,841	—
Other current liabilities	84,411	82,935	781
Total current liabilities	2,296,546	2,278,706	21,264
Non-current liabilities:			
Bonds and borrowings	2,434,696	2,415,606	22,543
Trade and other payables	57,189	57,775	530
Lease liabilities	426,080	56,637	3,945
Other financial liabilities	46,051	23,660	427
Accrued pension and retirement benefits	44,946	34,869	416
Provisions	46,248	46,364	428
Deferred tax liabilities	84,253	96,707	780
Total non-current liabilities	3,139,463	2,731,618	29,069
Total liabilities	5,436,009	5,010,324	50,333
Equity:			
Common stock	219,613	219,449	2,033
Additional paid-in capital	256,966	258,292	2,379
Treasury stock	(2,276)	(2,501)	(21)
Other components of equity	(4,054)	234,937	(38)
Retained earnings	2,073,884	2,061,306	19,204
Equity attributable to owners of the parent	2,544,133	2,771,483	23,557
Non-controlling interests	148,454	134,716	1,375
Total equity	2,692,587	2,906,199	24,932
Total liabilities and equity	¥ 8,128,596	¥ 7,916,523	\$ 75,265

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2020 and 2019

	Millions of Yen		Millions of
	2020	2019	U.S. Dollars
Revenues			
Sales of tangible products	¥ 4,822,984	¥ 4,920,772	\$ 44,657
Sales of services and others	476,830	418,466	4,415
Total revenues	5,299,814	5,339,238	49,072
Cost			
Cost of tangible products sold	(4,180,175)	(4,151,165)	(38,705)
Cost of services and others	(245,976)	(264,880)	(2,278)
Total cost	(4,426,151)	(4,416,045)	(40,983)
Gross profit	873,663	923,193	8,089
Other income (expenses)			
Selling, general and administrative expenses	(677,430)	(647,553)	(6,272)
Impairment losses on long-lived assets	(65,286)	(7,567)	(604)
Gain (loss) on sale of long-lived assets, net	3,507	3,581	32
Other, net	16,436	2,502	152
Total other income (expenses)	(722,773)	(649,037)	(6,692)
Finance income (costs)			
Interest income	30,621	28,975	284
Interest expense	(46,191)	(40,535)	(428)
Dividends	11,099	12,107	103
Gain (loss) on securities and other investments, net	20,712	2,204	192
Finance income (costs), net	16,241	2,751	151
Share of profit (loss) of investments accounted for using the equity method	84,791	127,110	785
Profit before tax	251,922	404,017	2,333
Income tax expense	(62,405)	(66,230)	(578)
Profit for the year	189,517	337,787	1,755
Profit for the year attributable to:			
Owners of the parent	¥ 171,359	¥ 320,523	\$ 1,587
Non-controlling interests	18,158	17,264	168
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	(47,001)	(20,646)	(435)
Remeasurements of defined benefit pension plans	(1,536)	(10,799)	(14)
Share of other comprehensive income of investments accounted for using the equity method	(6,903)	(1,453)	(64)
Total items that will not be reclassified to profit or loss	(55,440)	(32,898)	(513)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	(133,359)	18,784	(1,235)
Cash-flow hedges	(11,769)	5,183	(109)
Share of other comprehensive income of investments accounted for using the equity method	(43,410)	(6,887)	(402)
Total items that may be reclassified subsequently to profit or loss	(188,538)	17,080	(1,746)
Other comprehensive income, net of tax	(243,978)	(15,818)	(2,259)
Comprehensive income for the year	(54,461)	321,969	(504)
Comprehensive income for the year attributable to:			
Owners of the parent	¥ (69,413)	¥ 305,075	\$ (643)
Non-controlling interests	14,952	16,894	139

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2020 and 2019

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, 2019

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	219,279	265,126	(2,796)	248,564	1,827,987	2,558,160	136,161	2,694,321
Impact of changes in accounting policies					3,270	3,270		3,270
Balance, beginning of year after changes in accounting policies	219,279	265,126	(2,796)	248,564	1,831,257	2,561,430	136,161	2,697,591
Profit for the year					320,523	320,523	17,264	337,787
Other comprehensive income for the year				(15,448)		(15,448)	(370)	(15,818)
Comprehensive income for the year						305,075	16,894	321,969
Transaction with owners:								
Share-based payment transactions	170	170				340		340
Acquisition (disposal) of non-controlling interests, net		(7,760)				(7,760)	(10,319)	(18,079)
Acquisition (disposal) of treasury stock, net			295			295		295
Cash dividends to owners of the parent					(88,653)	(88,653)		(88,653)
Cash dividends to non-controlling interests							(8,020)	(8,020)
Others		756				756		756
Transfer to retained earnings				1,821	(1,821)	—		—
Balance, end of year	219,449	258,292	(2,501)	234,937	2,061,306	2,771,483	134,716	2,906,199

For the year ended March 31, 2020

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	2,031	2,392	(23)	2,175	19,087	25,662	1,247	26,909
Impact of changes in accounting policies					(493)	(493)	(9)	(502)
Balance, beginning of year after changes in accounting policies	2,031	2,392	(23)	2,175	18,594	25,169	1,238	26,407
Profit for the year					1,587	1,587	168	1,755
Other comprehensive income for the year				(2,230)		(2,230)	(29)	(2,259)
Comprehensive income for the year						(643)	139	(504)
Transaction with owners:								
Share-based payment transactions	2	2				4		4
Acquisition (disposal) of non-controlling interests, net		(13)				(13)	107	94
Acquisition (disposal) of treasury stock, net			2			2		2
Cash dividends to owners of the parent					(960)	(960)		(960)
Cash dividends to non-controlling interests							(109)	(109)
Others		(2)				(2)		(2)
Transfer to retained earnings				17	(17)	—		—
Balance, end of year	2,033	2,379	(21)	(38)	19,204	23,557	1,375	24,932

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2020 and 2019

	Millions of Yen		Millions of
	2020	2019	U.S. Dollars
Operating activities:			2020
Profit for the year	¥ 189,517	¥ 337,787	\$ 1,755
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation and amortization	165,340	111,838	1,531
Impairment losses on long-lived assets	65,286	7,567	604
Finance (income) costs, net	(16,241)	(2,751)	(151)
Share of (profit) loss of investments accounted for using the equity method	(84,791)	(127,110)	(785)
(Gain) loss on sale of long-lived assets, net	(3,507)	(3,581)	(32)
Income tax expense	62,405	66,230	578
Decrease (increase) in inventories	505	(46,038)	5
Decrease (increase) in trade and other receivables	127,337	(60,634)	1,179
Increase in prepaid expenses	(7,228)	(2,831)	(67)
(Decrease) increase in trade and other payables	(97,292)	108,735	(901)
Other, net	(114,966)	(133,370)	(1,065)
Interest received	30,587	28,155	283
Dividends received	114,401	108,909	1,060
Interest paid	(45,458)	(38,933)	(421)
Income tax paid	(59,277)	(85,090)	(549)
Net cash provided by operating activities	326,618	268,883	3,024
Investing activities:			
Proceeds from sale of property, plant and equipment	3,472	19,222	32
Purchase of property, plant and equipment	(76,935)	(110,028)	(712)
Proceeds from sale of investment property	15,739	5,100	146
Purchase of investment property	(42,424)	(26,310)	(393)
Proceeds from sale of other investments	115,408	217,846	1,069
Acquisition of other investments	(209,085)	(182,599)	(1,936)
Collection of loan receivables	42,145	63,407	390
Increase in loan receivables	(51,737)	(37,955)	(479)
Net cash used in investing activities	(203,417)	(51,317)	(1,883)
Free Cash Flows:	123,201	217,566	1,141
Financing activities:			
Net increase in short-term debt	152,687	36,570	1,413
Proceeds from issuance of long-term debt	453,651	298,841	4,200
Repayment of long-term debt	(547,690)	(454,880)	(5,071)
Cash dividends paid	(103,675)	(88,653)	(960)
Capital contribution from non-controlling interests	2,824	3,806	26
Payment for acquisition of subsidiary's interests from non-controlling interests	(3,798)	(21,055)	(35)
Payment of dividends to non-controlling interests	(11,821)	(8,020)	(109)
(Acquisition) disposal of treasury stock, net	80	195	1
Net cash used in financing activities	(57,742)	(233,196)	(535)
Net increase (decrease) in cash and cash equivalents	65,459	(15,630)	606
Cash and cash equivalents at the beginning of year	660,359	667,152	6,114
Effect of exchange rate changes on cash and cash equivalents	(15,943)	4,821	(147)
Net increase in cash and cash equivalents resulting from transfer to assets classified as held for sale	496	4,016	5
Cash and cash equivalents at the end of year	¥ 710,371	¥ 660,359	\$ 6,578

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Assumptions for Going Concern

: None

Changes in accounting policies and others

:

Significant accounting policies applied in this summary of the consolidated financial statements for the year ended March 31, 2020, remain the same as those applied in the consolidated financial statements for the previous fiscal year, except for the items below.

(1) IFRS 16 “Leases”

The Companies have applied International Financial Reporting Standard No.16 *Leases* (“IFRS 16”) from the reporting period. For leases that the Companies as lessee previously classified as operating leases applying International Accounting Standard No.17 *Leases* (“IAS 17”), right-of-use assets and lease liabilities are recognized at the date of initial application.

At inception of a contract, the Companies assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is, or contains, a lease, the Companies recognize right-of-use assets and lease liabilities on the consolidated statements of financial position at the commencement date. The Companies recognize the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured by using the cost model and are measured at cost less any accumulated depreciation and accumulated impairment losses.

An acquisition cost of right-of-use assets includes the amount of the initial measurement of lease liabilities adjusted for initial direct costs and any lease payments made at or before the commencement date. Right-of-use assets are depreciated using the straight-line method over its lease terms.

Lease liabilities are initially measured at the discounted present value of unpaid lease payments at the commencement date of the contract. Lease payments are allocated into finance costs and the portion of the balance of lease liabilities, to ensure that the interest rate remains constant for the balance of lease liabilities. Finance costs are presented separately from the depreciation of the right-of-use assets in the consolidated statements of comprehensive income.

In addition, “Lease liabilities,” which were previously included in “Trade and other payables” in the consolidated statements of financial position, have increased as a result of application of IFRS 16. It has been presented independently from the reporting period. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, Finance lease obligations that were included in “Trade and Other Payables” in the consolidated statements of financial position for the previous fiscal year have been reclassified to “lease liabilities.” The reclassified amount was ¥68,354 million.

Right-of-use assets were included in “Inventories,” “Property, plant and equipment,” “Intangible assets” and “Investment property.”

In accordance with the transitional measures under IFRS 16 (the modified retrospective approach), the

cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ended March 31, 2020.

Accordingly, compared with the case where the previous accounting standards would be applied, total assets increased by ¥391,100 million, total liabilities increased by ¥415,116 million and retained earnings decreased by ¥23,107 million each at the beginning of the year ended March 31, 2020.

In addition, cash flows from operating activities increased, and cash flows from financing activities decreased by the same amount, as lease payments of the principal of lease liabilities are classified as financing activities in the consolidated statements of cash flows.

The weighted average of the Company's incremental borrowing rate applied to lease liabilities on the consolidated statements of financial position at the date of initial application is 1.3%.

The following is a reconciliation of non-cancellable operating leases contracts based on IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statements of financial position at the date of initial application.

(Millions of Yen)

Non-cancellable operating leases contracts	322,421
The weighted average of the Company's incremental borrowing rate	1.3%
Non-cancellable operating leases contracts (after discount)	304,390
Finance lease obligations	68,354
Cancellable operating leases contracts, etc.	107,150
Lease liabilities	479,894

In applying IFRS 16, the Companies have elected the practical expedient and assesses whether contracts contain leases in accordance with IAS 17 and IFRIC 4 "*Determining whether an Arrangement contains a Lease.*"

The following practical expedients are used in the application of IFRS 16.

- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The Companies use hindsight to calculate the lease term for lease contracts including options to extend or terminate the lease.

(2) IAS 28 "Investments in Associates and Joint Ventures"

The Companies have applied amendments of International Financial Reporting Standard No.28 *Investments in Associates and Joint Ventures* ("IAS 28") from the reporting period. The amendments clarified the accounting for long-term interests in associates and joint ventures. As a result, the Companies have recognized impairment loss by applying IFRS 9 "*Financial Instruments*" to long-term interests before applying the equity method.

In accordance with the transitional measures under the amendments of IAS 28, the cumulative effect is

recognized as an adjustment to the opening balance of retained earnings for the year ended March 31, 2020.

Accordingly, compared with the case where the previous accounting standards would be applied, “Trade and other receivables” and “Retained earnings” decreased by ¥30,218 million each at the beginning of the year ended March 31, 2020.

Changes in accounting estimate :

The significant change in accounting estimate in the Consolidated Statements is as follow.

Sumitomo recognized the impairment loss of 21,525 million yen relating to the tubular products business company B&L PIPECO SERVICES, INC. in the fiscal year ended March 31, 2020, due to the decline in demand resulting from drop in the oil prices and revision of the long-term business plan. The impairment loss is included in “Impairment losses on long-lived assets” in the Consolidated Statements of Comprehensive Income.

Segment Information

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2020 and 2019

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	¥	1,234,709	790,889	537,022	388,744	1,020,510	1,131,863	5,103,737	196,077	5,299,814
Gross profit		104,847	164,881	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		(16,092)	26,086	14,807	38,564	9,290	8,849	81,504	3,287	84,791
Profit for the year (attributable to owners of the parent)		(50,044)	29,986	61,711	38,276	51,250	43,194	174,373	(3,014)	171,359
Total assets (As of March 31)		1,088,581	1,693,388	894,876	879,898	1,538,397	1,595,839	7,690,979	437,617	8,128,596

2018:	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	¥	1,396,268	743,597	518,619	360,889	982,500	1,117,302	5,119,175	220,063	5,339,238
Gross profit		145,203	158,079	114,331	92,861	210,705	190,317	911,496	11,697	923,193
Share of profit (loss) of investments accounted for using the equity method		10,732	49,377	11,024	45,551	7,568	(1,489)	122,763	4,347	127,110
Profit for the year (attributable to owners of the parent)		40,479	51,954	64,374	47,464	42,084	68,491	314,846	5,677	320,523
Total assets (As of March 31)		1,245,179	1,752,518	923,098	813,196	1,243,284	1,700,969	7,678,244	238,279	7,916,523

2019:	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	\$	11,433	7,323	4,972	3,600	9,449	10,480	47,257	1,815	49,072
Gross profit		971	1,527	1,059	928	2,096	1,407	7,988	101	8,089
Share of profit (loss) of investments accounted for using the equity method		(149)	242	137	357	86	82	755	30	785
Profit for the year (attributable to owners of the parent)		(463)	278	571	354	475	400	1,615	(28)	1,587
Total assets (As of March 31)		10,080	15,680	8,286	8,147	14,244	14,776	71,213	4,052	75,265

Note: The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥108=US\$1.

Earnings per share

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2020 and 2019

The calculation of the basic and diluted earnings per share for the years ended March 31, 2020 and 2019 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Profit used to calculate basic earnings per share and diluted earnings per share:			
Profit attributable to owners of the parent	¥ 171,359	¥ 320,523	\$ 1,587
Adjustment to profit	(37)	(32)	(0)
Profit used to calculate basic earnings per share	171,322	320,491	1,587
Adjustment to profit	37	32	0
Profit used to calculate diluted earnings per share	171,359	320,523	1,587
	Number of shares		
	2020	2019	
Weighted-average shares:			
Weighted-average shares-basic	1,248,881,174	1,248,622,211	
Dilutive effect of:			
Stock options	932,974	1,091,727	
Restricted stock	316,508	171,093	
Performance share unit	369,080	168,435	
Weighted-average shares-diluted	1,250,499,736	1,250,053,466	
	Yen		U.S. Dollars
	2020	2019	2020
Earnings per share:			
Basic	¥ 137.18	¥ 256.68	\$ 1.27
Diluted	137.03	256.41	1.27

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥108=US\$1.

Subsequent events

There are no material subsequent events to be disclosed.