

February 4, 2022

Consolidated quarterly results FY2021 (Nine-month period ended December 31, 2021)

[Prepared on the basis of International Financial Reporting Standards]

Company Name: **Sumitomo Corporation** Stock Listing: Tokyo
 Stock Exchange Code No.: 8053 URL: <https://www.sumitomocorp.com/en/jp>
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 Scheduled Quarterly Securities Report Submission Date: February 8, 2022
 Scheduled Starting Date of Dividend Payment: -
 Supplementary Documents on Financial Results: Yes
 Financial Results Meeting: Yes (for Financial Analysts)

1. Consolidated results for the nine-month period ended December 31, 2021

(Remarks)

Amounts are rounded to the nearest million.

% : change from the same period of the previous year.

(1) Consolidated operating results

	Revenues	(increase/ (decrease))	Profit before tax	(increase/ (decrease))	Profit for the period	(increase/ (decrease))	Profit for the period attributable to owners of the parent	(increase/ (decrease))	Comprehensive income for the period	(increase/ (decrease))
Nine-month period ended	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
December 31, 2021	3,945,122	19.8	425,387	—	351,457	—	335,131	—	450,661	—
December 31, 2020	3,292,551	(16.3)	(81,284)	—	(100,270)	—	(113,718)	—	(59,035)	—

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
Nine-month period ended	(yen)	(yen)
December 31, 2021	267.99	267.83
December 31, 2020	(90.95)	(90.95)

(2) Consolidated financial position

	Total Assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
As of December 31, 2021	8,958,895	3,041,420	2,865,229	32.0
As of March 31, 2021	8,079,984	2,695,550	2,527,951	31.3

2. Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2021	—	35.00	—	35.00	70.00
Year ending March 31, 2022	—	45.00	—	—	—
Year ending March 31, 2022 (Forecasts)	—	—	—	65.00	110.00

[Note] Revision of the latest dividend forecasts: Yes

3. Forecasts for the year ending March 31, 2022

(Remarks)

% : change from the previous year.

	Profit for the year attributable to owners of the parent	(increase/ (decrease))	Earnings per share attributable to owners of the parent
	(millions of yen)	(%)	(yen)
Year ending March 31, 2022	460,000	—	368.01

[Notes] 1. Revision of the latest forecasts: Yes

2. For further details please refer to page 6 "3. Forecasts for fiscal year ending March 31, 2022."

Notes

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

Excluded companies: 1 (SUMMIT ETOILE TUBE, LLC)

[Note] SUMMIT ETOILE TUBE, LLC was absorbed by Sumitomo Corporation of Americas.

(2) Changes in accounting policies and accounting estimate

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

[Note] For further details please refer to page 14 "Changes in accounting estimate."

(3) Outstanding stocks (Common stocks)

				(shares)
(i) Outstanding stocks including treasury stock	(December 31, 2021)	1,251,404,367	(March 31, 2021)	1,251,253,867
(ii) Treasury stocks	(December 31, 2021)	1,458,818	(March 31, 2021)	1,544,207
(iii) Average stocks during nine months (Apr.-Dec.)	(December 31, 2021)	1,249,959,111	(December 31, 2020)	1,249,852,013

* This report is not subject to quarterly reviews 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 nine-month period ended December 31, 2021, amounted to 3,945.1 billion yen, representing an increase of 652.6 billion yen compared to 3,292.6 billion yen in the same period of previous fiscal year.

Gross profit totaled 742.9 billion yen increased by 199.9 billion yen compared to 543.0 billion yen in the same period of previous fiscal year. This is due mainly to the absence of recording the additional cost accompanied by delay in construction of EPC projects in the same period of previous fiscal year, as well as increase in earnings accompanied by increase in sales volume in the silver, zinc and lead business in Bolivia. Selling, general and administrative expenses totaled 514.3 billion yen increased by 27.8 billion yen compared to 486.5 billion yen in the same period of previous fiscal year.

Share of profit (loss) of investments accounted for using the equity method totaled profit of 172.2 billion yen increased by 243.6 billion yen compared to loss of 71.4 billion yen in the same period of previous fiscal year. This is primarily owing to increase in earnings accompanied by increase in sales volume due to resume of operation from March, 2021 and one-off profit from restructuring of project finance in the nickel mining and refining business in Madagascar, in addition to the absence of impairment loss in the same period of previous fiscal year in that business.

As a result, profit for the period attributable to owners of the parent totaled profit of 335.1 billion yen, representing an increase of 448.8 billion yen compared to loss of 113.7 billion yen in the same period of previous fiscal year.

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

Metal Products Business Unit posted profit of 41.5 billion yen, an increase of 54.1 billion yen compared to loss of 12.7 billion yen in the same period of previous fiscal year. This is due mainly to increase in earnings for the overseas steel service centers and the tubular products business in the North America, in addition to the absence of impairment loss in the tubular products business in the same period of previous fiscal year.

Transportation & Construction Systems Business Unit posted profit of 51.8 billion yen, an increase of 66.9 billion yen compared to loss of 15.1 billion yen in the same period of previous fiscal year. This is due mainly to increase in earnings for the leasing business and the automotive related business, in addition to the absence of one-off loss in the automotive financing business in Indonesia in the same period of previous fiscal year.

Infrastructure Business Unit posted profit of 22.3 billion yen, an increase of 48.2 billion yen compared to loss of 25.9 billion yen in the same period of previous fiscal year. This is due mainly to the absence of recording the additional cost accompanied by delay in construction of EPC projects in the same period of previous fiscal year regardless of the peak-out of those projects in the current period. And the increase is also attributable to the absence of one-off loss including impairment loss posting for IPP business in Australia in the same period of previous fiscal year.

Media & Digital Business Unit posted profit of 31.1 billion yen, an increase of 1.7 billion yen compared to profit of 29.4 billion yen in the same period of previous fiscal year. This is due mainly to the fact that major domestic group companies had shown stable performance.

Living Related & Real Estate Business Unit posted profit of 34.3 billion yen, an increase of 45.8 billion yen compared to loss of 11.5 billion yen in the same period of previous fiscal year. This is primarily owing to the absence of impairment loss for the fresh produce business in Europe and the Americas in the same period of previous fiscal year, in addition to increase in earnings of the same business due to market recovery in the U.S. And the increase is also attributable to large scale properties delivered in the real estate business.

Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 144.5 billion yen, an increase of 224.1 billion yen compared to loss of 79.6 billion yen in the same period of previous fiscal year. This is primarily owing to increase in earnings accompanied by increase in sales volume due to resume of operation from March, 2021 and one-off profit from restructuring of project finance in the nickel mining and refining business in Madagascar, in addition to the absence of impairment loss in the same period of previous fiscal year in that business. Furthermore, the increase is also due to high mineral resources prices and increase in earnings for the chemical trade and the agricultural input business due to solid performance.

2. Financial position

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

Total assets stood at 8,958.9 billion yen, representing an increase of 878.9 billion yen compared to 8,080.0 billion yen at the previous fiscal year-end, due mainly to increase of working capital and investments accounted for using the equity method.

Equity attributable to owners of the parent totaled 2,865.2 billion yen, representing an increase of 337.3 billion yen compared to 2,528.0 billion yen at the previous fiscal year-end, due mainly to the quarterly profit attributable to owners of the parent posted in the current period, while dividend payment was executed.

Interest-bearing liabilities (net) (*1) totaled 2,469.7 billion yen increased by 169.3 billion yen compared to 2,300.4 billion yen at the previous fiscal year-end.

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

<Cash flows>

Net cash provided by operating activities totaled 42.7 billion yen as basic profit cash flow (*2) totaled to an inflow of 270.4 billion yen because our core businesses performed well in generating cash, while working capital increased.

Net cash used in investing activities totaled 16.8 billion yen. In the ninth-month period ended December 31, 2021, we executed investments mainly for participation in the telecommunication business in Ethiopia and water sewage treatment business in China. On the other hand, we recovered funds due to asset replacement, including sales of the domestic and overseas real estate and textiles related 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 25.9 billion yen.

Net cash used in financing activities totaled 14.3 billion yen due mainly to repayments of lease liabilities and dividend payment, while execution of borrowings.

In consequence of the foregoing as well as consideration of impact such as currency exchange fluctuation, cash and cash equivalents stood at 620.7 billion yen as of December 31, 2021, representing an increase of 21.7 billion yen compared to 599.0 billion yen at the previous fiscal year-end.

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

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

Tax rate is 25% for the nine-month period ended December 31, 2021 and 31% for the same period of previous fiscal year

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

Although we have been still under the situation where new variant of COVID-19 has been spread, the global economy is expected to continue on a recovery trend supported by financial and monetary measures. However, there have been disparities in recovery among countries, regions, and industries. Among developed countries, we could see improvement in supply chain disruption, and positive trend toward economy recovery is expected to continue. As for emerging countries, for the most part of them, economic recovery trend is expected to continue, while there has been a tendency of slowing recovery in China. And we expect we would see sluggish for the time being in countries where aids from governments have not been sufficiently distributed. Risks include surge in price of commodities, limitation of economic activities due to the resurgence of COVID-19, the increase in debt and geopolitical risks.

Under these circumstances, we have revised our consolidated financial forecasts for FY2021 as follows:

(billions of yen)	Previous forecasts (Nov. 2021) (A)	Revised forecasts (Feb. 2022) (B)	Increase/ Decrease (B-A)	Increase/ Decrease (%)
Profit for the year attributable to owners of the parent	380.0	460.0	80.0	21.1%

Reference (billions of yen)	Previous forecasts (Nov. 2021) (A)	Revised forecasts (Feb. 2022) (B)	Increase/ Decrease (B-A)
Excl. one-off profits/losses	360.0	400.0	40.0
One-off profits/losses	20.0	60.0	40.0

Results for the nine-month period ended December 31, 2021, showed strong progress against the previous forecasts of 380.0 billion yen which we announced at the previous earnings announcements (November 4, 2021), due to stable performance, including external environmental effects, both in mineral resources business and in non-mineral resources business. And we expect one-off profit due to divestment in several projects in the fourth quarter.

Taking these circumstances into consideration, we have revised the annual forecasts of profit for the year attributable to owners of the parent to 460.0 billion yen, 80.0 billion yen increased from the previous forecasts of 380.0 billion yen.

(*3)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.

Under "SHIFT 2023", our medium-term management plan for FY2021 - FY2023, we decide the annual dividend based on our fundamental policy of paying long-term stable dividends and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for FY2020.

Due to the fact that our annual forecasts of the profit for the year attributable to owners of the parent is revised to 460.0 billion yen, the annual dividend for fiscal year ending March 31, 2022 is revised to 110 yen per share (latest plan was 90 yen per share). The interim dividend amount of 45 yen per share was already paid and the year-end dividend is projected to be 65 yen per share.

Condensed Consolidated Statements of Financial Position

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

	Millions of Yen		Millions of U.S. Dollars	
	December 31, 2021	March 31, 2021	December 31, 2021	
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 620,714	¥ 599,013	\$ 5,398	
Time deposits	10,048	12,751	87	
Marketable securities	1,645	1,621	14	
Trade and other receivables	1,542,063	1,303,621	13,409	
Contract assets	278,041	188,812	2,418	
Other financial assets	194,975	115,041	1,696	
Inventories	994,408	793,279	8,647	
Advance payments to suppliers	121,598	135,217	1,057	
Assets classified as held for sale	36,852	24,718	320	
Other current assets	423,588	323,511	3,683	
Total current assets	4,223,932	3,497,584	36,729	
Non-current assets:				
Investments accounted for using the equity method	2,251,173	2,102,139	19,575	
Other investments	414,144	416,934	3,601	
Trade and other receivables	207,085	239,348	1,801	
Other financial assets	121,520	87,422	1,057	
Property, plant and equipment	1,042,790	1,050,648	9,068	
Intangible assets	249,737	255,961	2,172	
Investment property	340,398	340,451	2,960	
Biological assets	36,492	26,183	317	
Prepaid expenses	46,713	39,493	406	
Deferred tax assets	24,911	23,821	217	
Total non-current assets	4,734,963	4,582,400	41,174	
Total assets	¥ 8,958,895	¥ 8,079,984	\$ 77,903	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥115=US\$1.

Condensed Consolidated Statements of Financial Position

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

	Millions of Yen		Millions of U.S. Dollars
	December 31, 2021	March 31, 2021	December 31, 2021
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings	¥ 715,859	¥ 477,927	\$ 6,225
Trade and other payables	1,452,243	1,269,631	12,628
Lease liabilities	71,698	71,141	623
Other financial liabilities	193,207	90,402	1,679
Income tax payables	60,448	31,655	526
Accrued expenses	86,566	95,926	753
Contract liabilities	138,076	137,915	1,201
Provisions	5,595	6,578	49
Liabilities associated with assets classified as held for sale	21,773	6,295	189
Other current liabilities	120,421	80,937	1,047
Total current liabilities	2,865,886	2,268,407	24,920
Non-current liabilities:			
Bonds and borrowings	2,384,640	2,434,285	20,736
Trade and other payables	52,404	53,176	456
Lease liabilities	412,282	430,257	3,585
Other financial liabilities	44,175	36,404	384
Accrued pension and retirement benefits	22,393	29,619	195
Provisions	55,278	53,186	481
Deferred tax liabilities	80,417	79,100	699
Total non-current liabilities	3,051,589	3,116,027	26,536
Total liabilities	5,917,475	5,384,434	51,456
Equity:			
Common stock	219,894	219,781	1,912
Additional paid-in capital	256,207	251,781	2,228
Treasury stock	(1,949)	(2,063)	(17)
Other components of equity	254,723	187,041	2,215
Retained earnings	2,136,354	1,871,411	18,577
Equity attributable to owners of the parent	2,865,229	2,527,951	24,915
Non-controlling interests	176,191	167,599	1,532
Total equity	3,041,420	2,695,550	26,447
Total liabilities and equity	¥ 8,958,895	¥ 8,079,984	\$ 77,903

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥115=US\$1.

Condensed Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the nine-month periods ended December 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars	
	2021	2020	2021	
Revenues				
Sales of tangible products	¥ 3,567,153	¥ 2,952,649	\$ 31,019	
Sales of services and others	377,969	339,902	3,286	
Total revenues	3,945,122	3,292,551	34,305	
Cost				
Cost of tangible products sold	(3,007,069)	(2,559,276)	(26,148)	
Cost of services and others	(195,155)	(190,318)	(1,697)	
Total cost	(3,202,224)	(2,749,594)	(27,845)	
Gross profit	742,898	542,957	6,460	
Other income (expenses)				
Selling, general and administrative expenses	(514,307)	(486,527)	(4,472)	
Impairment reversal (loss) on long-lived assets	(3,752)	(55,495)	(33)	
Gain (loss) on sale of long-lived assets, net	6,416	(5,643)	56	
Other, net	(3,989)	(8,680)	(35)	
Total other income (expenses)	(515,632)	(556,345)	(4,484)	
Finance income (costs)				
Interest income	19,834	18,755	172	
Interest expense	(20,976)	(22,984)	(182)	
Dividends	10,575	7,217	92	
Gain (loss) on securities and other investments, net	16,477	469	143	
Finance income (costs), net	25,910	3,457	225	
Share of profit (loss) of investments accounted for using the equity method	172,211	(71,353)	1,498	
Profit (loss) before tax	425,387	(81,284)	3,699	
Income tax expense	(73,930)	(18,986)	(643)	
Profit (loss) for the period	351,457	(100,270)	3,056	
Profit (loss) for the period attributable to:				
Owners of the parent	¥ 335,131	¥ (113,718)	\$ 2,914	
Non-controlling interests	16,326	13,448	142	
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	11,037	37,206	96	
Remeasurements of defined benefit pension plans	9,116	15,332	79	
Share of other comprehensive income of investments accounted for using the equity method	1,770	3,579	16	
Total items that will not be reclassified to profit or loss	21,923	56,117	191	
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	68,190	(16,937)	593	
Cash-flow hedges	3,268	975	28	
Hedging cost	1,367	2,551	12	
Share of other comprehensive income of investments accounted for using the equity method	4,456	(1,471)	39	
Total items that may be reclassified subsequently to profit or loss	77,281	(14,882)	672	
Other comprehensive income, net of tax	99,204	41,235	863	
Comprehensive income for the period	450,661	(59,035)	3,919	
Comprehensive income for the period attributable to:				
Owners of the parent	¥ 432,610	¥ (73,807)	\$ 3,762	
Non-controlling interests	18,051	14,772	157	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥115=US\$1.

Condensed Consolidated Statements of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the nine-month periods ended December 31, 2021 and 2020

For the nine-month periods ended December 31, 2021

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,781	251,781	(2,063)	187,041	1,871,411	2,527,951	167,599	2,695,550
Profit for the period					335,131	335,131	16,326	351,457
Other comprehensive income for the period				97,479		97,479	1,725	99,204
Comprehensive income for the period						432,610	18,051	450,661
Transaction with owners:								
Share-based payment transactions	113	113				226		226
Acquisition (disposal) of non-controlling interests, net		4,278				4,278	501	4,779
Acquisition (disposal) of treasury stock, net			114			114		114
Cash dividends to owners of the parent					(99,985)	(99,985)		(99,985)
Cash dividends to non-controlling interests							(9,960)	(9,960)
Others		35				35		35
Transfer to retained earnings				(29,797)	29,797	—		—
Balance, end of period	219,894	256,207	(1,949)	254,723	2,136,354	2,865,229	176,191	3,041,420

For the nine-month periods ended December 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	219,613	256,966	(2,276)	(4,054)	2,073,884	2,544,133	148,454	2,692,587
Profit (loss) for the period					(113,718)	(113,718)	13,448	(100,270)
Other comprehensive income for the period				39,911		39,911	1,324	41,235
Comprehensive income for the period						(73,807)	14,772	(59,035)
Transaction with owners:								
Share-based payment transactions	168	168				336		336
Acquisition (disposal) of non-controlling interests, net		717				717	1,307	2,024
Acquisition (disposal) of treasury stock, net			109			109		109
Cash dividends to owners of the parent					(87,461)	(87,461)		(87,461)
Cash dividends to non-controlling interests							(9,735)	(9,735)
Others		155				155		155
Transfer to retained earnings				(21,131)	21,131	—		—
Balance, end of period	219,781	258,006	(2,167)	14,726	1,893,836	2,384,182	154,798	2,538,980

For the nine-month periods ended December 31, 2021

Millions of U.S. Dollars

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	1,911	2,190	(18)	1,626	16,273	21,982	1,458	23,440
Profit for the period					2,914	2,914	142	3,056
Other comprehensive income for the period				848		848	15	863
Comprehensive income for the period						3,762	157	3,919
Transaction with owners:								
Share-based payment transactions	1	1				2		2
Acquisition (disposal) of non-controlling interests, net		37				37	4	41
Acquisition (disposal) of treasury stock, net			1			1		1
Cash dividends to owners of the parent					(869)	(869)		(869)
Cash dividends to non-controlling interests							(87)	(87)
Others		0				0		0
Transfer to retained earnings				(259)	259	—		—
Balance, end of period	1,912	2,228	(17)	2,215	18,577	24,915	1,532	26,447

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥115=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the nine-month periods ended December 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Operating activities:			
Profit (loss) for the period	¥ 351,457	¥ (100,270)	\$ 3,056
Adjustments to reconcile profit (loss) for the period to cash flows from operating activities:			
Depreciation and amortization	128,274	125,000	1,115
Impairment reversal (loss) on long-lived assets	3,752	55,495	33
Finance (income) costs, net	(25,910)	(3,457)	(225)
Share of (profit) loss of investments accounted for using the equity method	(172,211)	71,353	(1,498)
(Gain) loss on sale of long-lived assets, net	(6,416)	5,643	(56)
Income tax expense	73,930	18,986	643
Changes in inventories	(127,760)	108,715	(1,111)
Changes in trade and other receivables	(165,170)	43,055	(1,436)
Changes in prepaid expenses	(14,474)	(5,221)	(126)
Changes in trade and other payables	104,317	(11,499)	907
Other, net	(170,257)	(1,437)	(1,480)
Interest received	9,517	11,438	83
Dividends received	104,286	78,015	907
Interest paid	(15,378)	(20,228)	(134)
Income taxes paid	(35,211)	(43,338)	(306)
Cash flows from operating activities	42,746	332,250	372
Investing activities:			
Proceeds from sale of property, plant and equipment	4,182	7,001	36
Purchases of property, plant and equipment	(52,962)	(51,500)	(460)
Proceeds from sale of investment property	22,308	8,602	194
Purchases of investment property	(3,940)	(4,644)	(34)
Proceeds from sale of other investments	80,254	61,989	698
Acquisitions of other investments	(79,157)	(68,377)	(688)
Collection of loans receivable	32,465	17,421	282
Increase in loans receivable	(19,960)	(35,102)	(174)
Cash flows from investing activities	(16,810)	(64,610)	(146)
Free Cash Flows:	25,936	267,640	226
Financing activities:			
Net changes in short-term debts	139,144	(109,948)	1,210
Proceeds from issuance of long-term debts	276,352	163,434	2,403
Repayments of long-term debts	(268,471)	(254,104)	(2,335)
Repayments of lease liabilities	(49,855)	(45,815)	(433)
Cash dividends paid	(99,985)	(87,461)	(869)
Capital contribution from non-controlling interests	270	-	2
Payments for acquisitions of subsidiary's interests from non-controlling interests	(1,859)	(280)	(16)
Payments of dividends to non-controlling interests	(9,960)	(9,735)	(87)
Acquisitions and disposal of treasury stock, net	19	3	0
Cash flows from financing activities	(14,345)	(343,906)	(125)
Net changes in cash and cash equivalents	11,591	(76,266)	101
Cash and cash equivalents at the beginning of year	599,013	710,371	5,209
Effect of exchange rate changes on cash and cash equivalents	13,606	(4,943)	118
Net changes in cash and cash equivalents resulting from transfer to assets classified as held for sale	(3,496)	-	(30)
Cash and cash equivalents at the end of period	¥ 620,714	¥ 629,162	\$ 5,398

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥115=US\$1.

Assumptions for Going Concern : None

Changes in accounting estimate

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

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

Project Companies agreed on the revision regarding repayment conditions of the loan agreement with lenders.

In the 1st quarter of this fiscal year, Project Companies recognized a gain on financial liabilities, as a result of the reassessment of the fair value related to financial liabilities due to the revision of repayment conditions. Since the increase in the carrying amount of the investment for Project Companies resulting from the recognition of the gain is not expected to contribute to future cash-in-flows from Project Companies, Sumitomo recognized a loss equivalent to the amount of the gain corresponding to the equity interest as a decreasing the carrying amount of the investment for Project Companies in terms of the recoverability. Consequently, Sumitomo does not expect any impact to the Condensed Consolidated Financial Statements due to the reassessment of financial liabilities in Project Companies.

In addition, Project Companies recognized a gain related to the debt restructuring. Consequently, Sumitomo recognized a gain of 14,409 million yen as “Share of profit (loss) of investments accounted for using the equity method” in the Condensed Consolidated Statements of Comprehensive Income.

Changes in Presentation

(Condensed Consolidated Statements of Comprehensive Income)

Foreign currency basis spread on the cross currency interest rate swaps held as cash flow hedges are excluded from designation as hedging instruments and are recognized as hedging costs.

“Hedging cost”, which was previously included in “Cash-flow-hedges” is separately presented from the three-month period ended June 2021 because of the increased materiality. Condensed Consolidated Statements of Comprehensive Income for the nine-month period ended December 2020 is reclassified to conform to this change in presentation.

As a result, the amount of 3,526 millions of yen for the nine-month period ended December 2020, which was presented in “Cash-flow-hedges” in Condensed Consolidated Statements of Comprehensive Income for the nine-month period ended December 2020 has been reclassified and presented as 975 millions of yen for “Cash-flow-hedges” and as 2,551 millions of yen for “Hedging cost.”

(Condensed Consolidated Statements of Cash Flows)

“Repayment of lease liability”, which was previously included in “Repayment of long-term debt” is separately presented from the three-month period ended June 2021 in order to ensure a clear presentation.

Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 2020 is reclassified to conform to this change in presentation.

As a result, the amount of (299,919) millions of yen for the nine-month period ended December 2020, which was presented in “Repayment of long-term debt” within “Cash flows from financing activities” in the Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 2020 has been reclassified and presented as (254,104) millions of yen for “Repayment of long-term debt” and as (45,815) millions of yen for “Repayment of lease liability.”

Segment Information

Sumitomo Corporation and Subsidiaries
For the nine-month periods ended December 31, 2021 and 2020

2021:		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	¥	766,669	663,307	339,882	305,606	734,559	1,059,934	3,869,957	75,165	3,945,122
Gross profit		100,850	139,731	58,960	81,188	168,292	190,627	739,648	3,250	742,898
Share of profit (loss) of investments accounted for using the equity method		5,584	37,144	7,536	28,625	6,777	85,526	171,192	1,019	172,211
Profit for the period (attributable to owners of the parent)		41,452	51,781	22,337	31,129	34,255	144,545	325,499	9,632	335,131
Total assets (As of December 31)		932,331	1,730,337	1,148,391	967,170	1,497,464	2,360,103	8,635,796	323,099	8,958,895
2020:		Millions of Yen								
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	¥	548,050	489,786	249,683	292,385	760,226	867,142	3,207,272	85,279	3,292,551
Gross profit		54,316	95,335	35,862	76,885	170,574	104,812	537,784	5,173	542,957
Share of profit (loss) of investments accounted for using the equity method		(1,611)	(8,979)	(7,673)	30,846	2,112	(85,973)	(71,278)	(75)	(71,353)
Profit (loss) for the period (attributable to owners of the parent)		(12,696)	(15,098)	(25,863)	29,387	(11,506)	(79,568)	(115,344)	1,626	(113,718)
Total assets (As of March 31)		821,719	1,748,545	1,002,534	918,296	1,424,108	1,823,866	7,739,068	340,916	8,079,984
2021:		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	\$	6,667	5,768	2,956	2,657	6,387	9,217	33,652	653	34,305
Gross profit		877	1,215	513	706	1,463	1,658	6,432	28	6,460
Share of profit (loss) of investments accounted for using the equity method		49	323	65	249	59	744	1,489	9	1,498
Profit for the period (attributable to owners of the parent)		360	450	194	271	298	1,257	2,830	84	2,914
Total assets (As of December 31)		8,107	15,046	9,986	8,410	13,022	20,523	75,094	2,809	77,903

Notes:

1) The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥115=US\$1.

2) On April 1, 2021, the Energy Innovation Initiative was established. Next-generation energy-related businesses were transferred from Infrastructure Business Unit, Living Related & Real Estate Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit to the Initiative and have been incorporated into Corporate and Eliminations. On the same date, production and sales business of aluminum ingot and sheets was transferred from Metal Products Business Unit to Mineral Resources, Energy, Chemical & Electronics Business Unit. Accordingly, the segment information of the same period of the previous year has been reclassified.