

November 6, 2020

Consolidated quarterly results FY2020 (Six-month period ended September 30, 2020)

[Prepared on the basis of International Financial Reporting Standards]

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Scheduled Quarterly Securities Report Submission Date: November 12, 2020
 Scheduled Starting Date of Dividend Payment: December 1, 2020
 Supplementary Documents on Financial Results: Yes
 Financial Results Meeting: Yes (for Financial Analysts)

1. Consolidated results for the six-month period ended September 30, 2020

(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))
Six-month period ended	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
September 30, 2020	2,147,712	(18.5)	(39,655)	—	(51,740)	—	(60,203)	—	(37,697)	—
September 30, 2019	2,636,602	6.3	201,227	(11.6)	161,392	(13.4)	152,424	(15.0)	45,790	(83.3)

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
Six-month period ended	(yen)	(yen)
September 30, 2020	(48.15)	(48.15)
September 30, 2019	122.03	121.91

(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 September 30, 2020	7,756,076	2,607,057	2,454,597	31.6
As of March 31, 2020	8,128,596	2,692,587	2,544,133	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, 2020	—	45.00	—	35.00	80.00
Year ending March 31, 2021	—	35.00	—	—	—
Year ending March 31, 2021 (Forecasts)	—	—	—	35.00	70.00

[Note] 1. Revision of the latest dividend forecasts: None

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

3. Forecasts for the year ending March 31, 2021

(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, 2021	(150,000)	—	(120.01)

[Note] Revision of the latest forecasts: None

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 | None |
| (ii) Other changes | None |
| (iii) Changes in accounting estimate | Yes |

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

(3) Outstanding stocks (Common stocks)

				(shares)
(i) Outstanding stocks including treasury stock	(September 30, 2020)	1,251,253,867	(March 31, 2020)	1,250,985,467
(ii) Treasury stocks	(September 30, 2020)	1,651,600	(March 31, 2020)	1,702,929
(iii) Average stocks during six months (Apr.-Sep.)	(September 30, 2020)	1,249,850,508	(September 30, 2019)	1,248,841,853

* 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 six-month period ended Sept 30, 2020, amounted to 2,147.7 billion yen, representing a decrease of 488.9 billion yen from the same period of previous fiscal year.

Gross profit totaled 358.7 billion yen decreased of 88.2 billion yen owing to the peak-out of the progress in construction of large-scale EPC project and San Cristobal silver-zinc-lead mining project in Bolivia decreased the earnings due mainly to lower shipment volume. Selling, general and administrative expenses decreased by 2.2 billion yen to 321.6 billion yen.

Gain (loss) on fixed assets was loss of 17.5 billion yen due to recording impairment loss for tubular products business, representing a decrease of 20.6 billion yen from the same period of previous fiscal year.

Gain (loss) on securities and other investments decreased by 15.3 billion yen to 0.4 billion yen due to the absence of one-off profit from asset replacement posted on the same period of previous fiscal year.

Share of profit (loss) of investments accounted for using the equity method decreased by 111.2 billion yen to a loss of 52.8 billion yen, due to impairment loss posted in the Nickel mining and refining business in Madagascar and the automotive financing business in Indonesia.

As a result, profit for the period attributable to owners of the parent totaled a loss of 60.2 billion yen, representing a decrease of 212.6 billion yen from the same period of previous fiscal year. Basic profit(*1) totaled to a loss of 23.4 billion yen, representing a decrease of 165.7 billion yen from 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 loss of 12.3 billion yen, a decrease of 23.0 billion yen from the same period of previous fiscal year. In addition to the impairment loss posted for tubular products business, the decrease is due to decrease in earnings of tubular products business in the North America and low performance of overseas steel service centers.

Transportation & Construction Systems Business Unit posted a loss of 19.8 billion yen, a decrease of 41.8 billion yen from the same period of previous fiscal year. In addition to decrease in earnings for leasing business and automotive related business, the decrease is due to posting impairment loss and one-off loss owing to the increase of allowances caused by rescheduling of repayment in accordance

with local government remedy for COVID-19 in the automotive financing business in Indonesia.

Infrastructure Business Unit posted loss of 7.2 billion yen, a decrease of 46.9 billion yen from the same period of previous fiscal year. This is mainly due to the peak-out of the progress in construction of large-scale EPC projects and one-off losses including impairment loss posting for IPP business in Australia, while IPP/IWPP business has kept solid performance.

Media & Digital Business Unit posted profit of 19.8 billion yen, an increase of 1.0 billion yen from the same period of previous fiscal year due to stable performance of major group companies.

Living Related & Real Estate Business Unit posted profit of 12.0 billion yen, a decrease of 14.0 billion yen from the same period of previous fiscal year. This is due mainly to the absence of profit posted by large scale properties delivered in the same period of previous fiscal year and decrease in earnings for fresh produce business in Europe and the Americas due to stagnant market environment in the U.S., while domestic supermarket business has kept solid performance.

Mineral Resources, Energy, Chemical & Electronics Business Unit posted a loss of 57.7 billion yen, a decrease of 90.9 billion yen from the same period of previous fiscal year. In addition to decrease in earnings from coal business in Australia which were impacted mainly by lower mineral resources prices and impacts from the suspension of the Nickel mining and refining business in Madagascar and San Cristobal silver-zinc-lead mining projects, the decrease is due to the impairment loss of 55.0 billion yen posted in the Nickel mining and refining business in Madagascar.

(*1) Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) $\times$ (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 Sept 30, 2020>

Total assets stood at 7,756.1 billion yen, representing a decrease of 372.5 billion yen from the previous fiscal year-end due mainly to a decrease of working capital and decrease by the impairment loss posted in multiple businesses.

Equity attributable to owners of the parent totaled 2,454.6 billion yen, decreased by 89.5 billion yen from the previous fiscal year-end, due to the quarterly loss attributable to owners of the parent posted in the current period and dividend payment.

Interest-bearing liabilities (net) (*2) decreased by 81.5 billion yen from the previous fiscal year-end, to 2,387.3 billion yen.

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

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

<Cash flows>

Net cash provided by operating activities totaled 222.3 billion yen as basic profit cash flow(*3) totaled to an inflow of 87.5 billion yen because our core businesses generated cash and working capital decreased.

Net cash used in investing activities totaled 74.1 billion yen. In this period, we executed investments approx. 110.0 billion yen primarily for the participation in the operation and maintenance of passenger railway business in Philippines and capital investment in SCSK Corporation. On the other hand, we recovered funds of approx. 30.0 billion yen due to asset replacement, including the sale of Marcellus shale project in the U.S.

As a result, free cash flows, representing sum of net cash provided by operating activities and net cash used in investing activities, totaled to an inflow of 148.3 billion yen.

Net cash used in financing activities totaled 267.7 billion yen due primarily to repayment of the borrowings and dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 587.4 billion yen as of Sept 30, 2020, representing a decrease of 123.0 billion yen from the previous fiscal year-end.

(*3) Basic profit cash flow = Basic profit - Share of profit (loss) of investments accounted for using the equity method
+ Dividend from investments accounted for using the equity method

3. Forecasts for fiscal year ending March 31, 2021(*4)

After the sharp drop of global economy due to the impact from the worldwide outbreak of COVID-19, the economic activities have resumed upon the gradual lift-up of the municipal lockdown and the trend for moderate economic recovery is estimated to continue supported by financial measures of each country. While the economic activities has now recovered gradually in developed countries, the uncertainties due to re-outbreak of COVID-19 is increasing in some part of the Europe and the U.S. In the emerging countries, while the economic activities in China is estimated to recover strongly, the economic activities continue to be stagnant in some countries since the outbreak has not yet controlled.

The risks are the re-outbreak of COVID-19, the increase in uncertainties due to change in political and social circumstances, and the increase in growing debt and geopolitical risks.

Under these circumstances, our business environment has also recovered gradually. Although our result of the second quarter is progressed strongly against the annual forecast which was announced in the first quarter of this fiscal year, we have not changed the annual forecast of - 150.0 billion yen which was announced in the first quarter of this fiscal year because of the ongoing uncertainties caused by concerns for the deterioration of global economy due to re-outbreak of COVID-19 currently mainly in the Europe and the U.S.

Annual Forecast for FY2020 (profit / loss (-) for the period attributable to owners of the parent):

- 150.0 billion yen

(above includes one-off losses: - 250.0 billion yen)

(profit excluding one-off losses: 100.0 billion yen)

Regarding one-off losses, it includes the impairment loss posted in the Nickel mining and refining business in Madagascar and there is a possibility of posting not only additional impairment loss from this project but also one-off losses from multiple businesses depending on the external environment and future outlook of businesses in third quarter onward. By promoting structural reform such as restructuring of unprofitable businesses returning to its growth path, there will be some concerns in posting one-off losses in multiple businesses.

The major businesses posted one-off losses up to this quarter or having concerns for the one-off losses and its possible risks are as follows:

- Depending on the situation on the economic recovery in India, there is a possibility of posting impairment loss for the specialty steel business in India.
- The impairment loss of approx. 12.0 billion yen was posted for the tubular products business up to this second quarter. Although it is depending on the future outlook on the demand recovery, it is estimated that the possibility of posting additional impairment loss is limited.
- The one-off loss of totaled to approx. 21.0 billion yen was posted for the automotive financing business in Indonesia. This is divided into the impairment loss and the one-off loss due to the increase of allowances caused by rescheduling of repayment in accordance with local government remedy for COVID-19. There is a possibility of having additional credit cost in third quarter onward.
- Regarding IPP business in Australia, the one-off losses including impairment loss of approx. 25.0 billion yen, which is the total amount of investment and loan for this business, was posted in this second quarter.
- The fresh produce business in Europe and the Americas has a possibility of posting impairment loss for goodwill and others due to low performance.

- The Nickel mining and refining business in Madagascar posted impairment loss of approx. 55.0 billion yen for the current period, and there is a possibility of posting additional impairment loss due to worse business environment by longer period for operational suspension and others.
- Regarding Marcellus shale project in the U.S., the loss of approx. 7.0 billion yen was posted associated with the sale of business in this second quarter.

The forecast for each business segment excluding the one-off profit/loss for the third quarter onward is as follows:

- In Metal Products Business Unit, although automotive related business in steel products business is forecasted to recover, the demand for other businesses will continue to be low. And for tubular products business, severe business environment continues mainly in the U.S. due to lower demand.
- In Transportation & Construction Systems Business Unit, the number of new contracts decreased for the automotive financing business in Indonesia and will continue to have impacts negatively from COVID-19 outbreak within this fiscal year. For the automotive manufacturing business, it will continue its trend for recovery though the situation may vary by area.
- In Infrastructure Business Unit, the peak-out of large-scale EPC project construction progress is anticipated, while performance of IPP/IWPP business is stable.
- In Media & Digital Business Unit, major group companies are forecasted to keep stable performance.
- In Living Related & Real Estate Business Unit, it is forecasted to have additional deliveries for the real estate business in the third quarter onward and market recovery in the U.S. is anticipated in the fresh produce business in Europe and the Americas.
- In Mineral Resources, Energy, Chemical & Electronics Business Unit, the Nickel mining and refining business in Madagascar is expecting to resume its operation in the fourth quarter of this fiscal year, the mineral resource prices are anticipated to recover, and the iron ore mining projects in South Africa and chemicals & electronics business are forecasted to keep stable performance.

We are promoting the structural reform under “emergency mode” with its focus to our next medium-term management plan along with strengthening cash flow management by screening investments prioritizing secure and maintain the liquidity in hand. The details are follows:

- Restructuring of unprofitable businesses
In addition to the delay in the value-up for existing business and the impact from COVID-19 outbreak, there is a possibility of posting some one-off losses from multiple businesses in this fiscal year. For these businesses, we will draw a roadmap for early improvement and returning to its growth path and will shift our management resources to growing businesses.

- Strengthening of earning power

We will accelerate the shift of management resources to the businesses in which expecting higher growth with our corporate strength by restructuring our company's business portfolio.

- Upgrading of sustainability management

With key social issues and long-term targets identified and set, we will promote initiatives to address each issue and will enhance our corporate value by the management based on the long-term trends related to social issues.

(*4)Cautionary Statement Concerning Forward-Looking Statements

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4. Dividend Policy

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

Although we are forecasting to post the consolidated losses of 150.0 billion yen as to the annual forecast for FY2020, we have not changed our projection on the annual ordinary dividend amount of 70 yen per share which was disclosed on the announcement for full-year result for FY2019 (May 8th, 2020). The interim dividend for this fiscal year is half of the amount of planned annual ordinary dividend, 35 yen per share (the interim dividend in the previous year: 45 yen per share including commemorative dividend for the 100th anniversary of 10 yen). The decision is based on our fundamental policy of paying shareholders a stable dividend over the long term, and the fact that the major portion of one-off losses are not associating with cash and it is expected to maintain the balance of core risk buffer and risk-weighted assets.

Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of September 30, 2020 and March 31, 2020

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 587,363	¥ 710,371	\$ 5,541
Time deposits	11,408	10,262	108
Marketable securities	1,587	2,014	15
Trade and other receivables	1,102,933	1,231,088	10,405
Other financial assets	81,419	112,723	768
Inventories	876,741	929,981	8,271
Advance payments to suppliers	192,080	131,520	1,812
Other current assets	420,630	408,432	3,968
Total current assets	3,274,161	3,536,391	30,888
Non-current assets:			
Investments accounted for using the equity method	1,988,373	2,025,255	18,758
Other investments	385,156	358,961	3,634
Trade and other receivables	263,844	331,871	2,489
Other financial assets	82,974	94,981	783
Property, plant and equipment	1,041,955	1,054,042	9,830
Intangible assets	281,621	288,913	2,657
Investment property	357,980	355,844	3,377
Biological assets	22,471	21,075	212
Prepaid expenses	24,665	23,186	233
Deferred tax assets	32,876	38,077	310
Total non-current assets	4,481,915	4,592,205	42,283
Total assets	¥ 7,756,076	¥ 8,128,596	\$ 73,171

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥106=US\$1.

Condensed Consolidated Statements of Financial Position

Sumitomo Corporation and Subsidiaries
As of September 30, 2020 and March 31, 2020

	Millions of Yen		Millions of U.S. Dollars	
	September 30, 2020	March 31, 2020	September 30, 2020	
LIABILITIES AND EQUITY				
Current liabilities:				
Bonds and borrowings	¥ 550,692	¥ 754,696	\$ 5,195	
Trade and other payables	1,057,471	1,079,099	9,976	
Lease liabilities	65,232	65,871	615	
Other financial liabilities	74,839	87,578	707	
Income tax payables	19,071	25,785	180	
Accrued expenses	75,426	95,318	712	
Contract liabilities	108,841	98,951	1,027	
Provisions	4,906	4,837	46	
Other current liabilities	64,761	84,411	611	
Total current liabilities	2,021,239	2,296,546	19,069	
Non-current liabilities:				
Bonds and borrowings	2,435,396	2,434,696	22,975	
Trade and other payables	56,187	57,189	530	
Lease liabilities	432,926	426,080	4,084	
Other financial liabilities	36,021	46,051	341	
Accrued pension and retirement benefits	33,718	44,946	318	
Provisions	46,053	46,248	434	
Deferred tax liabilities	87,479	84,253	825	
Total non-current liabilities	3,127,780	3,139,463	29,507	
Total liabilities	5,149,019	5,436,009	48,576	
Equity:				
Common stock	219,781	219,613	2,073	
Additional paid-in capital	257,874	256,966	2,433	
Treasury stock	(2,206)	(2,276)	(20)	
Other components of equity	90	(4,054)	1	
Retained earnings	1,979,058	2,073,884	18,670	
Equity attributable to owners of the parent	2,454,597	2,544,133	23,157	
Non-controlling interests	152,460	148,454	1,438	
Total equity	2,607,057	2,692,587	24,595	
Total liabilities and equity	¥ 7,756,076	¥ 8,128,596	\$ 73,171	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥106=US\$1.

Condensed Consolidated Statements of Comprehensive Income

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars	
	2020	2019	2020	
Revenues				
Sales of tangible products	¥ 1,924,872	¥ 2,405,381	\$ 18,159	
Sales of services and others	222,840	231,221	2,102	
Total revenues	2,147,712	2,636,602	20,261	
Cost				
Cost of tangible products sold	(1,666,948)	(2,075,196)	(15,726)	
Cost of services and others	(122,034)	(114,519)	(1,151)	
Total cost	(1,788,982)	(2,189,715)	(16,877)	
Gross profit	358,730	446,887	3,384	
Other income (expenses)				
Selling, general and administrative expenses	(321,560)	(323,714)	(3,033)	
Impairment losses on long-lived assets	(11,941)	(197)	(113)	
Gain (loss) on sale of long-lived assets, net	(5,537)	3,285	(52)	
Other, net	(7,547)	4,485	(71)	
Total other income (expenses)	(346,585)	(316,141)	(3,269)	
Finance income (costs)				
Interest income	11,997	14,164	113	
Interest expense	(16,036)	(24,431)	(151)	
Dividends	4,603	6,625	43	
Gain (loss) on securities and other investments, net	397	15,672	4	
Finance income (costs), net	961	12,030	9	
Share of profit (loss) of investments accounted for using the equity method	(52,761)	58,451	(498)	
Profit (loss) before tax	(39,655)	201,227	(374)	
Income tax expense	(12,085)	(39,835)	(114)	
Profit (loss) for the period	(51,740)	161,392	(488)	
Profit (loss) for the period attributable to:				
Owners of the parent	¥ (60,203)	¥ 152,424	\$ (568)	
Non-controlling interests	8,463	8,968	80	
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	20,553	(15,419)	194	
Remeasurements of defined benefit pension plans	10,835	3,623	102	
Share of other comprehensive income of investments accounted for using the equity method	(80)	(13)	(1)	
Total items that will not be reclassified to profit or loss	31,308	(11,809)	295	
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(12,164)	(80,535)	(115)	
Cash-flow hedges	6,663	633	63	
Share of other comprehensive income of investments accounted for using the equity method	(11,764)	(23,891)	(111)	
Total items that may be reclassified subsequently to profit or loss	(17,265)	(103,793)	(163)	
Other comprehensive income, net of tax	14,043	(115,602)	132	
Comprehensive income for the period	(37,697)	45,790	(356)	
Comprehensive income for the period attributable to:				
Owners of the parent	¥ (46,957)	¥ 37,737	\$ (443)	
Non-controlling interests	9,260	8,053	87	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥106=US\$1.

Condensed Consolidated Statements of Changes in Equity

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

For the six-month periods ended September 30, 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					(60,203)	(60,203)	8,463	(51,740)
Other comprehensive income for the period				13,246		13,246	797	14,043
Comprehensive income for the period						(46,957)	9,260	(37,697)
Transaction with owners:								
Share-based payment transactions	168	168				336		336
Acquisition (disposal) of non-controlling interests, net		646				646	467	1,113
Acquisition (disposal) of treasury stock, net			70			70		70
Cash dividends to owners of the parent					(43,725)	(43,725)		(43,725)
Cash dividends to non-controlling interests							(5,721)	(5,721)
Others		94				94		94
Transfer to retained earnings				(9,102)	9,102	—		—
Balance, end of period	219,781	257,874	(2,206)	90	1,979,058	2,454,597	152,460	2,607,057

For the six-month periods ended September 30, 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	219,449	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 period					152,424	152,424	8,968	161,392
Other comprehensive income for the period				(114,687)		(114,687)	(915)	(115,602)
Comprehensive income for the period						37,737	8,053	45,790
Transaction with owners:								
Share-based payment transactions	164	164				328		328
Acquisition (disposal) of non-controlling interests, net		(848)				(848)	258	(590)
Acquisition (disposal) of treasury stock, net			173			173		173
Cash dividends to owners of the parent					(47,459)	(47,459)		(47,459)
Cash dividends to non-controlling interests							(4,529)	(4,529)
Others		(395)				(395)		(395)
Transfer to retained earnings				(5,067)	5,067	—		—
Balance, end of period	219,613	257,213	(2,328)	115,183	2,118,013	2,707,694	137,589	2,845,283

For the six-month periods ended September 30, 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	2,071	2,424	(21)	(38)	19,565	24,001	1,401	25,402
Profit (loss) for the period					(568)	(568)	80	(488)
Other comprehensive income for the period				125		125	7	132
Comprehensive income for the period						(443)	87	(356)
Transaction with owners:								
Share-based payment transactions	2	2				4		4
Acquisition (disposal) of non-controlling interests, net		6				6	4	10
Acquisition (disposal) of treasury stock, net			1			1		1
Cash dividends to owners of the parent					(413)	(413)		(413)
Cash dividends to non-controlling interests							(54)	(54)
Others		1				1		1
Transfer to retained earnings				(86)	86	—		—
Balance, end of period	2,073	2,433	(20)	1	18,670	23,157	1,438	24,595

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥106=US\$1.

Condensed Consolidated Statements of Cash Flows

Sumitomo Corporation and Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars	
	2020	2019	2020	
Operating activities:				
Profit (loss) for the period	¥ (51,740)	¥ 161,392	\$ (488)	
Adjustments to reconcile profit for the period to net cash provided by operating activities:				
Depreciation and amortization	82,508	77,336	778	
Impairment reversal (loss) on long-lived assets	11,941	197	113	
Finance (income) costs, net	(961)	(12,030)	(9)	
Share of (profit) loss of investments accounted for using the equity method	52,761	(58,451)	498	
(Gain) loss on sale of long-lived assets, net	5,537	(3,285)	52	
Income tax expense	12,085	39,835	114	
Decrease (increase) in inventories	51,376	(50,538)	485	
Decrease in trade and other receivables	81,035	49,177	764	
Decrease (increase) in prepaid expenses	3,131	(10,503)	30	
Decrease in trade and other payables	(48,983)	(109,823)	(462)	
Other, net	(1,219)	(69,674)	(12)	
Interest received	7,266	14,079	69	
Dividends received	63,767	78,778	602	
Interest paid	(14,824)	(24,622)	(140)	
Income tax paid	(31,340)	(15,635)	(296)	
Net cash provided by operating activities	222,340	66,233	2,098	
Investing activities:				
Proceeds from sale of property, plant and equipment	5,288	1,440	50	
Purchase of property, plant and equipment	(33,739)	(36,270)	(318)	
Proceeds from sale of investment property	4,024	3,214	38	
Purchase of investment property	(2,754)	(17,263)	(26)	
Proceeds from sale of other investments	22,425	60,138	211	
Acquisition of other investments	(45,295)	(116,672)	(427)	
Collection of loan receivables	8,635	11,018	81	
Increase in loan receivables	(32,663)	(15,916)	(308)	
Net cash used in investing activities	(74,079)	(110,311)	(699)	
Free Cash Flows:	148,261	(44,078)	1,399	
Financing activities:				
Net increase in short-term debt	(106,300)	103,898	(1,003)	
Proceeds from issuance of long-term debt	97,108	248,577	916	
Repayment of long-term debt	(208,746)	(259,716)	(1,968)	
Cash dividends paid	(43,725)	(47,459)	(413)	
Capital contribution from non-controlling interests	—	2,314	—	
Payment for acquisition of subsidiary's interests from non-controlling interests	(280)	(2,316)	(3)	
Payment of dividends to non-controlling interests	(5,721)	(4,529)	(54)	
(Acquisition) disposal of treasury stock, net	5	64	0	
Net cash provided by (used in) financing activities	(267,659)	40,833	(2,525)	
Net decrease in cash and cash equivalents	(119,398)	(3,245)	(1,126)	
Cash and cash equivalents at the beginning of year	710,371	660,359	6,702	
Effect of exchange rate changes on cash and cash equivalents	(3,610)	(11,726)	(35)	
Net increase in cash and cash equivalents resulting from transfer to assets classified as held for sale	—	496	—	
Cash and cash equivalents at the end of period	¥ 587,363	¥ 645,884	\$ 5,541	

Note: The U.S. Dollar amounts represent translations of Japanese Yen amounts at the rate of ¥106=US\$1.

Assumptions for Going Concern : None

Changes in accounting estimate

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

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

Project Companies recognized an impairment loss on the fixed assets up to the recoverable amount, as a result of reassessing the business plan in relation to the stoppage of operation due to the spread of COVID-19 and the decline in mid-long term nickel price outlook. Consequently, Sumitomo recognized a loss of 54,956 million yen as “Share of profit (loss) of investments accounted for using the equity method” in the Condensed Consolidated Statements of Comprehensive Income.

The reassessed business plan is based on the assumption that the timing of resuming operations will be within the 4th quarter of fiscal year ending March 31st 2021.

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

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

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

Sumitomo recognized an impairment loss of 15,032 million yen on the investments relating to the automotive financing business in Indonesia, as a result of reassessing the long-term business plan based on the deterioration of the economy due to the spread of COVID-19 which has continued longer than anticipated.

The prospect of revenue in the reassessed long-term business plan is based on the assumption that the effect of COVID-19 will remain for a while and be recovered gradually after that.

Segment Information

Sumitomo Corporation and Subsidiaries
For the six-month periods ended September 30, 2020 and 2019

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	¥	410,944	309,960	174,160	190,756	505,341	507,659	2,098,820	48,892	2,147,712
Gross profit		38,199	61,513	35,718	49,862	107,648	64,531	357,471	1,259	358,730
Share of profit (loss) of investments accounted for using the equity method		(899)	(16,567)	(928)	20,368	2,185	(56,920)	(52,761)	—	(52,761)
Profit (loss) for the period (attributable to owners of the parent)		(12,307)	(19,750)	(7,196)	19,817	12,019	(57,719)	(65,136)	4,933	(60,203)
Total assets (As of September 30)		949,164	1,615,115	907,156	892,563	1,557,714	1,569,026	7,490,738	265,338	7,756,076

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	¥	616,927	389,897	309,687	188,091	490,224	545,640	2,540,466	96,136	2,636,602
Gross profit		58,443	79,720	66,128	48,829	105,840	82,221	441,181	5,706	446,887
Share of profit (loss) of investments accounted for using the equity method		3,731	18,477	6,723	19,807	5,174	2,835	56,747	1,704	58,451
Profit for the period (attributable to owners of the parent)		10,657	22,037	39,736	18,778	26,054	33,193	150,455	1,969	152,424
Total assets (As of March 31)		1,093,023	1,689,030	894,792	879,898	1,538,397	1,595,839	7,690,979	437,617	8,128,596

2020:	Millions of U.S. Dollars									
		Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Total revenues	\$	3,877	2,924	1,643	1,800	4,767	4,789	19,800	461	20,261
Gross profit		360	580	337	470	1,016	609	3,372	12	3,384
Share of profit (loss) of investments accounted for using the equity method		(9)	(156)	(9)	192	21	(537)	(498)	—	(498)
Profit (loss) for the period (attributable to owners of the parent)		(116)	(186)	(68)	187	113	(544)	(614)	46	(568)
Total assets (As of September 30)		8,954	15,237	8,558	8,420	14,696	14,802	70,667	2,504	73,171

Notes:

1) The U.S. Dollar amounts represent translations of Japanese yen amounts at the rate of ¥106=US\$1.

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