

FY2022 Business Unit IR Meeting

Mineral Resources, Energy, Chemical & Electronics Business Unit Initiatives under SHIFT 2023 and Growth Strategy

Yoshiyuki Sakamoto,
Senior Managing Executive Officer, General Manager,
Mineral Resources, Energy, Chemical & Electronics Business Unit
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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.



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01

Business Unit Overview

Business Development in Mineral Resources, Energy, Chemical & Electronics Fields

- In the Mineral Resources & Energy Field, developing businesses related to non-ferrous metal materials and products, iron ore, petroleum and natural gas, coal, and carbon materials and products
- In the Chemical & Electronics Field, developing businesses related to basic chemicals (organic/inorganic chemicals, and biochemicals), battery and electronic materials, electronics, pharmaceuticals, cosmetics, crop protections, fertilizers, and veterinary drugs

Mineral Resources Division No.1



Mineral Resources Division No.2



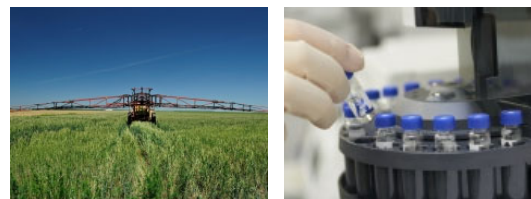
Energy Division



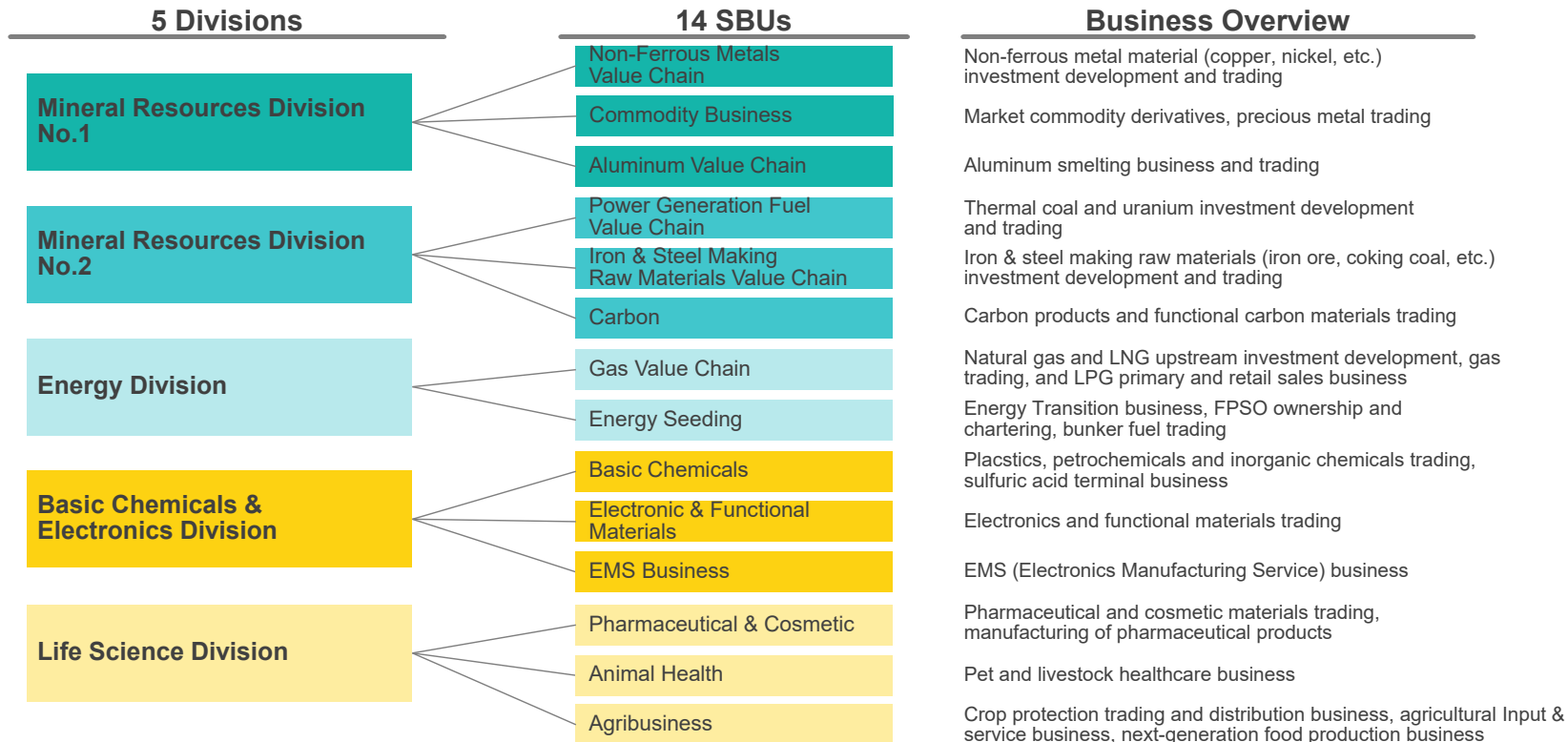
Basic Chemicals & Electronics Division



Life Science Division



Unit Strategy Promotion Centered on SBUs



02

Business Unit/SBU Growth Strategy

Business Portfolio SHIFT

- Capital recycling progressing as planned; investing in focused area along with divestment
- As for businesses with value-up on the way, such as nickel mining and refining business in Madagascar, we continue to work on increasing their value
- Accelerating building a portfolio that is both more highly profitable and resilient through reallocation of management resources

Business Portfolio SHIFT

(Building a portfolio that is both highly profitable and resilient)

[Short term]

Capital recycling for growth investments
(Divestment)



Sold a part of thermal coal mining interests in Australia



Sold oil and gas business in U.K. North Sea

[Projects]

- Sold a part of thermal coal mining interests in Australia
- Sold copper and molybdenum mining business in Chile
- Sold oil and gas business in the U.K. North Sea

[Short to medium term]

Growing core earning pillars by leveraging strengths
(Value Creation / Steady Business Growth)



Madagascar nickel business



Agricultural input & service business in Brazil

[Projects]

- Expanding products, functions and operation areas in agricultural input & service business (Nativa)
- Rolling out our business model to Europe and the Americas that generates profit from both aluminum smelting and base metal trading
- Turnaround of Madagascar nickel business

[Medium to long term]

Adapting to social structural changes
(Seeding)



Hydrogen production business at Bacton Gas Terminal in the U.K.



Agri-innovation

[Initiatives]

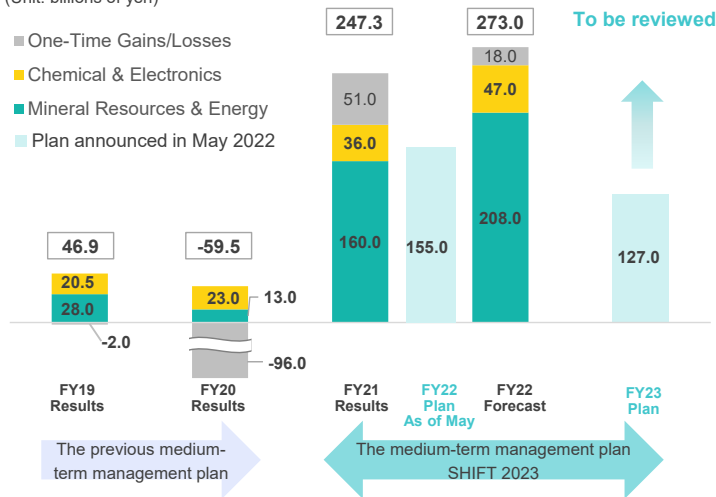
- Establishing a value chain encompassing manufacture, storage, and transportation of hydrogen at the Bacton Gas Terminal and its surrounding areas in the U.K.
- Agri-innovation initiatives (smart farming, clean farming, next-generation food production, etc.)
- Establishing supply chains that contribute to carbon neutrality in the chemicals field; promotion of a circular economy through the use of technologies that contribute to reducing environmental impact

Outlook

- Expanding scale of profits through strong midstream and downstream business in the Mineral Resources & Energy Field and solid business growth in the Chemical & Electronics Field, with some help from the tailwind effects of mineral resources and energy prices
- Taking on various measures to achieve both further growth and solutions to key social issues in the future

Net Income Results(FY2019-21) and Forecasts/Plans

(Unit: billions of yen)



*Due to reorganization carried out as of Apr.1 2021, FY19 and FY20 results are described on a reclassified basis.

Outlook

【Mineral Resources & Energy】

- Increase profits by investing capitals in focused areas (battery metals/base metals, etc.)
- Raise profits through stabilization of Ambatovy operations, stable earnings in the trading business, etc.

【Chemical & Electronics】

- Further earning contribution from the basic chemicals field, which has been solidly built up profit even throughout COVID-19, and the EMS business which has seen easing of the tight supply-demand balance for semiconductors
- Increase profits by investing capitals for geographic expansion and function enhancement in the agricultural input & service business, and by tackling the reduction of CO₂ emissions from the agricultural sector through innovation

【Initiatives for Mitigation of Climate Change and a Circular Economy】

- Promote Energy Transition business through collaboration with other SBUs, including hydrogen production and CCS/CCUS businesses, in addition to downsizing and withdrawing from fossil fuel assets
- Reduce environmental impact in the Chemical & Electronics Field by promoting businesses such as recycling-oriented raw materials and waste recovery and utilization

Aim to achieve further growth of the business unit, as well as solve key social issues, such as carbon neutrality by 2050, through business portfolio SHIFT

03

SBU's Initiatives toward Growth

03

Non-Ferrous Metals Value Chain SBU

< Ambatovy Nickel Project >

Ambatovy Nickel Project

- One of the world's largest nickel production businesses in Madagascar
- Producing high-grade nickel and cobalt, demand for which is expected to increase in order to realize a decarbonized society in the future

Significance of the project

- One of the largest integrated (from mining to refining) nickel metal production projects in the world, with long-life (appx. 30 years)
- In addition to stainless steel, which is essential for infrastructure development accompanying economic growth, demand of EV batteries is expected to expand, Ambatovy secures resources and provide a stable supply of high-grade nickel and cobalt to the world and Japan.
- A model case for the diversification and advancement of Madagascar's developing economy as well as development of the local economy
- As an operator and largest shareholder, we will continue to focus on stabilizing the business and maximizing its value from a medium- to long-term perspective, contributing to earnings and strengthening the foundation of the mineral resources business for the future



[Reference] Contribution to Economy of Madagascar

Job Creation: 9,000 employment, including contractors

Local Procurement: US\$ 360 million per year, purchased from over 450 local companies

Education: Ambatovy Training Center, local vocational training, scholarships, etc.

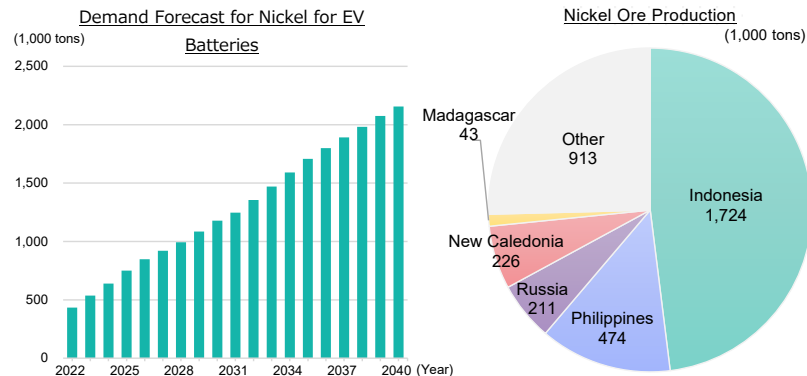
Environment: Conservation of over 18,000 ha of forests and wetlands, protection of biodiversity

Infrastructure: Road, rail, commercial, and medical infrastructure development and support

Agriculture and Food: Support for regional organizations, microcredits, food crises, etc.

Nickel Demand Outlook

- In addition to stainless steel, which is essential for infrastructure development accompanying economic growth, demand for EV batteries is expected to expand.
- However, as nickel resources are concentrated in Asia, stable supply from other regions is a major issue.
- Despite steady growth in demand, producers of high-purity nickel metals are limited, and there are hurdles to increase production and development of new projects in the future, thus making Ambatovy a valuable project.



(Source) Created based on data published by Wood Mackenzie

Ambatovy Nickel Project

- Nickel price is expected to remain solid over the long term, and the costs of major commodities are expected to stabilize
- Tackling the reduction of breakeven costs by realizing high-level, stable operations in order to improve profitability

Growth

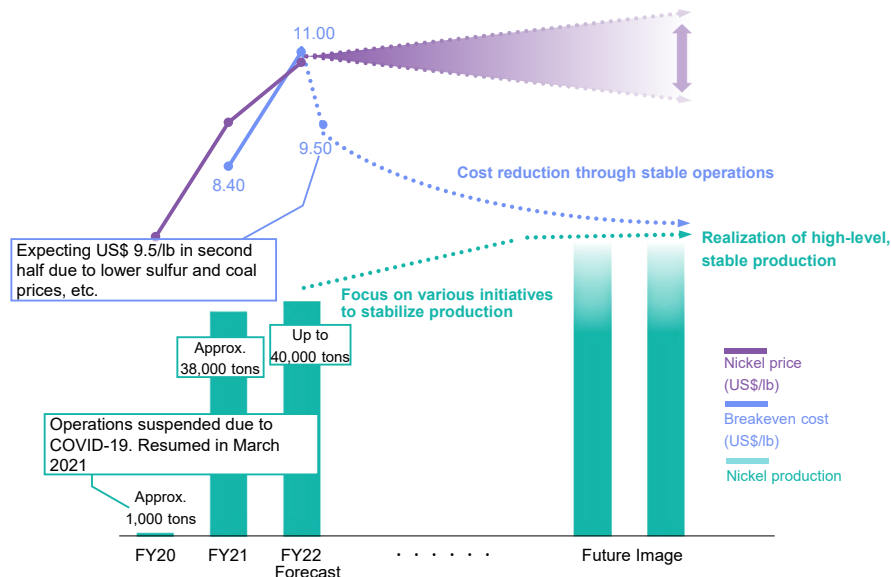
- Nickel price is expected to remain solid over the long term, while costs for major commodities(sulfur, coal, etc.), which have risen sharply this year, are expected to fall and stabilize. Aim to reduce fixed costs gradually.
- After resuming production and steady ramp-up during COVID-19, stable production of over 40,000 tons is planned from FY2023 onward; aiming for nickel production in the upper 40,000-ton range in the future, depending on ore grades and other factors.

Short and Medium- to Long-Term Initiatives

- Stabilizing operation is the highest priority, the foundation for stable operation is being steadily strengthened through ongoing implementation of facility repairs, such as the replacement of a portion of the slurry pipeline*, as well as ongoing efforts to preserve and improve the quality of operations and maintenance and improve systems, including the training of human resources
- Planning to gradually reduce operating costs in the future by achieving high-level, stable operations, with reduced cost of commodities and equipment, outsourcing costs, and promoting localization of human resources, etc.

* Slurry pipeline: it is for transporting the mined and hydrated ore from the mine to the processing and refinery plant.

Image of Profitability Improvement for the Ambatovy Project



03

Agribusiness SBU

Business Environment

- While demand for agricultural materials is expected to increase against a backdrop of rising food demand, the ways of agriculture and food production need to be changed; great business opportunities in this area

Agribusiness SBU (From Apr. 2022)

AgriScience Dept.

Crop protections trading, processing, import, and wholesale distribution

Agri-Inputs & Services Dept.

Agricultural inputs & services business*, fertilizer secondary processing and sales business
(* Providing comprehensive services to agricultural producers, including direct sales of crop protections, seeds, agricultural machinery, etc.)

Agri-Innovation Dept.

Development of innovative business in agriculture, livestock, and food production



Changes in the External Environment

- Population growth, growth of the middle class: Growing demand for food
- Environmental and resource conservation: Growing concern about environmental impact of chemical crop protections and fertilizers
- Climate change: Requirement for reduction of greenhouse gas emissions from agriculture and food production

Opportunities

- Growing demand for crop protections and fertilizers to improve productivity**
- Shift in demand to agricultural materials and services with low environmental impact **due to restrictions on the use of chemical crop protections and fertilizers**
- Shift to sustainable food production system such as circular agriculture

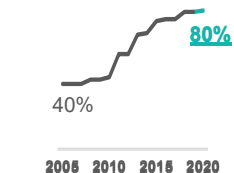
Key Strengths

- Our strength is our group companies and network covering the world's major agricultural regions as well as our integrated business model

1 Network covering the world's major agricultural regions

- Access to approximately 80% of the global crop protection market
- Presence of experienced local employees and managements at each region
- Ability to propose new technologies and agricultural inputs that meet local needs

Crop Protection Distribution
Market Coverage Rate*



*Total demand for crop protections in countries where we have group companies

2 Integrated business model that comprehensively covers the value chain

- Started fertilizer trading in 1950s and crop protection trading in 1970s
- Expanded functions in response to changes in the external environment; entered into profitable wholesale and direct sales business for farmers by leveraging knowledge cultivated from trading business
- Accumulated knowledge in each business in the value chain; expanded base, leading to expanded functions, by making use of such knowledge in proposals to farmers and new investments

Business sites in 38 countries
Global consolidated workforce:
approx. 2,400



Future Growth Strategy

- Focusing on function enhancement and geographic expansion in the fast-growing Brazilian market



Growth Strategy in Brazil

Function Enhancement



- Acquisition of fertilizer manufacturing capabilities
- Participation in seed processing business
- Enhancement of consulting functions



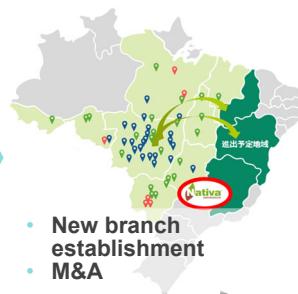
Strengthening relationships with farmers through digital platforms/increasing value provided

Agro Amazonia

- Headquarters: Cuiabá, Mato Grosso, Brazil
- Basic information: Established in 1983; approx. 800 employees
- Business overview: Sales of agricultural and livestock materials



- ✓ Since our investment in 2015, shifted from a crop protection sales specialist to a comprehensive agricultural input & service company, including fertilizers and seeds; sales have increased six-fold to date
- ✓ Planning to acquire Nativa, a company in the same industry, in FY2022

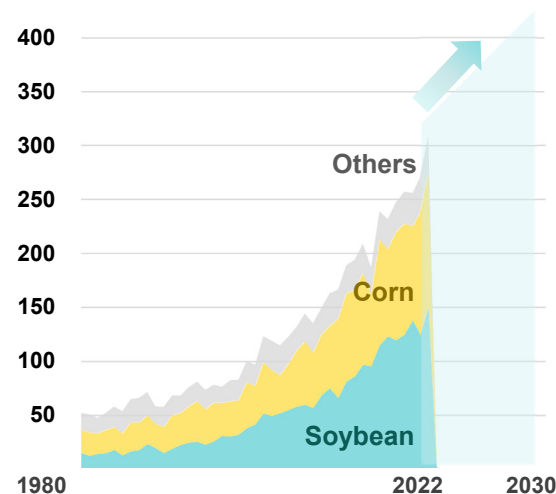


- New branch establishment
- M&A

Geographic Expansion

Brazilian Market Growth Potential

Crop Production/ mil MT



(Source) CONAB(Companhia Nacional de Abastecimento), Estimation



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Future Growth Strategy

- Aiming to achieve dramatic growth through business development in the innovation field, in addition to strengthening the existing crop protection distribution business and agricultural input & service business

Growth Strategy

Crop Protection
Distribution Business



SUMMIT AGRO

Agricultural Input &
Service Business



Innovation

New!



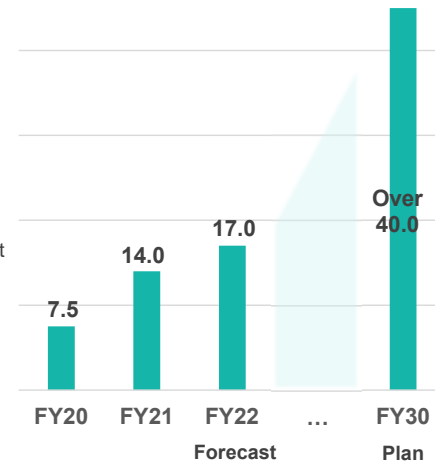
- **Diversification of sales channels**
Business expansion in major agricultural countries
- **Expansion of highly profitable portfolio**
Sales expansion in high-performance and bio-products
- **Enhancement of functions**
In-house processing, low-environmental-impact formulation technology, etc.

- **Geographic expansion**
Expansion of sales network through branch expansion and M&A
- **Expansion of goods portfolio**
Sales expansion in high-performance products and soil neutralizers
- **Enhancement of functions**
Seed processing, secondary fertilizer processing, etc.

- **Clean farming**
Agricultural and livestock technologies that reduce greenhouse gas emissions, etc.
- **Smart farming**
Farming data analysis/small-scale farmer support business, etc.
- **Next-generation food production**
Genome editing technology, insect protein business, etc.

Profit Plan

After-Tax Income (Excluding One-Time Gains/Losses)/billions of Yen





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