

FY2022 Business Unit IR Meeting

Infrastructure Business Unit Initiatives under SHIFT 2023 and Growth Strategy

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December 8, 2022

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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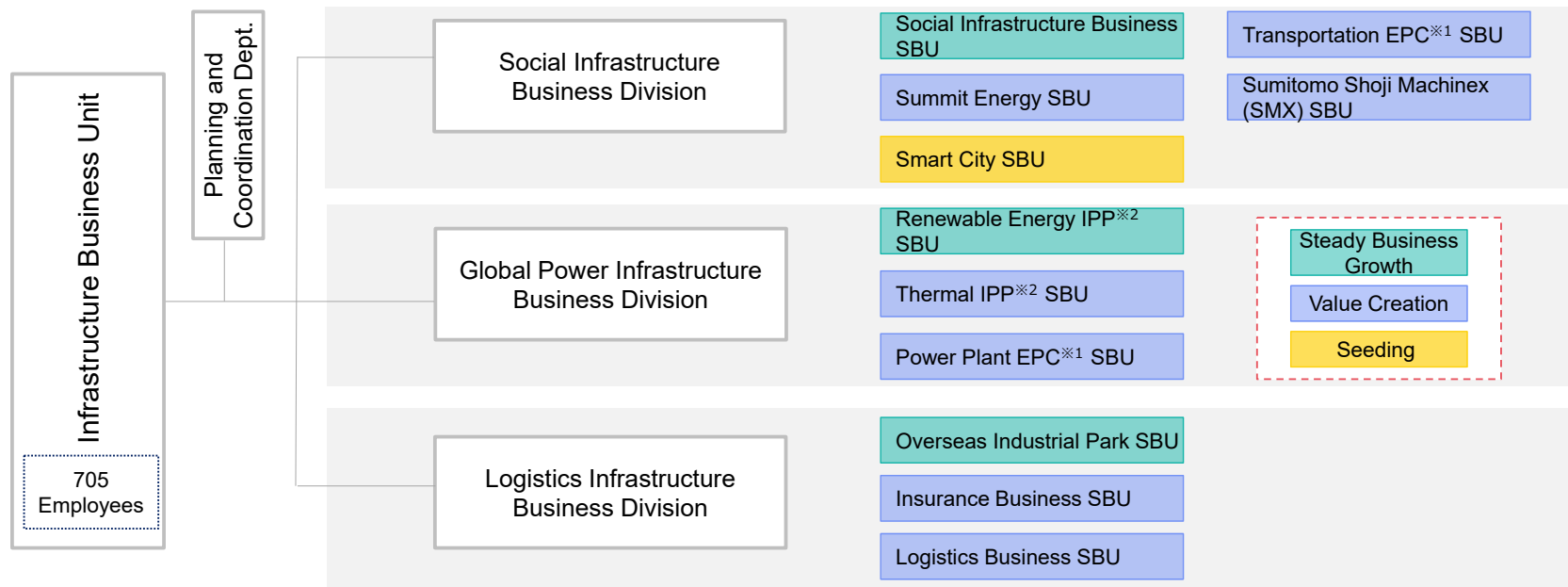
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01

Overview of Business Unit

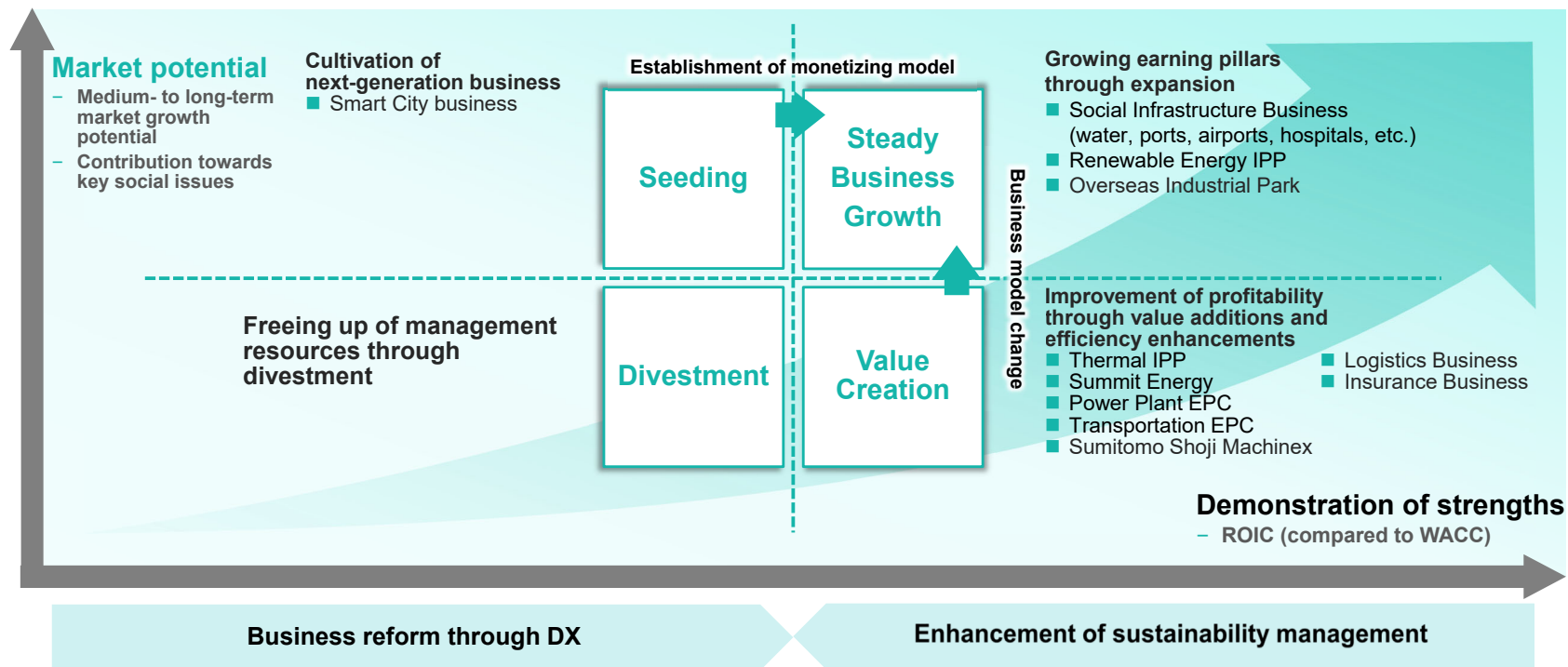
Organizational Structure (Organization Chart and SBUs)



※1 EPC: Engineering, Procurement, Construction

※2 IPP: Independent Power Producer

SBU Growth Strategy Summary by four-strategic category



02

Medium- and Long-Term Goals and Profit Plan

Business Unit Vision, Long-Term Goals

- We are committed to the following two long-term goals and promoting each strategy under the goals set in current medium-term management plan.

Building a Stable Earnings Base With a Sense of Scale

We aim to build a stable earnings base with strong downward resilience, which is a characteristic of infrastructure business, while achieving even greater profits.

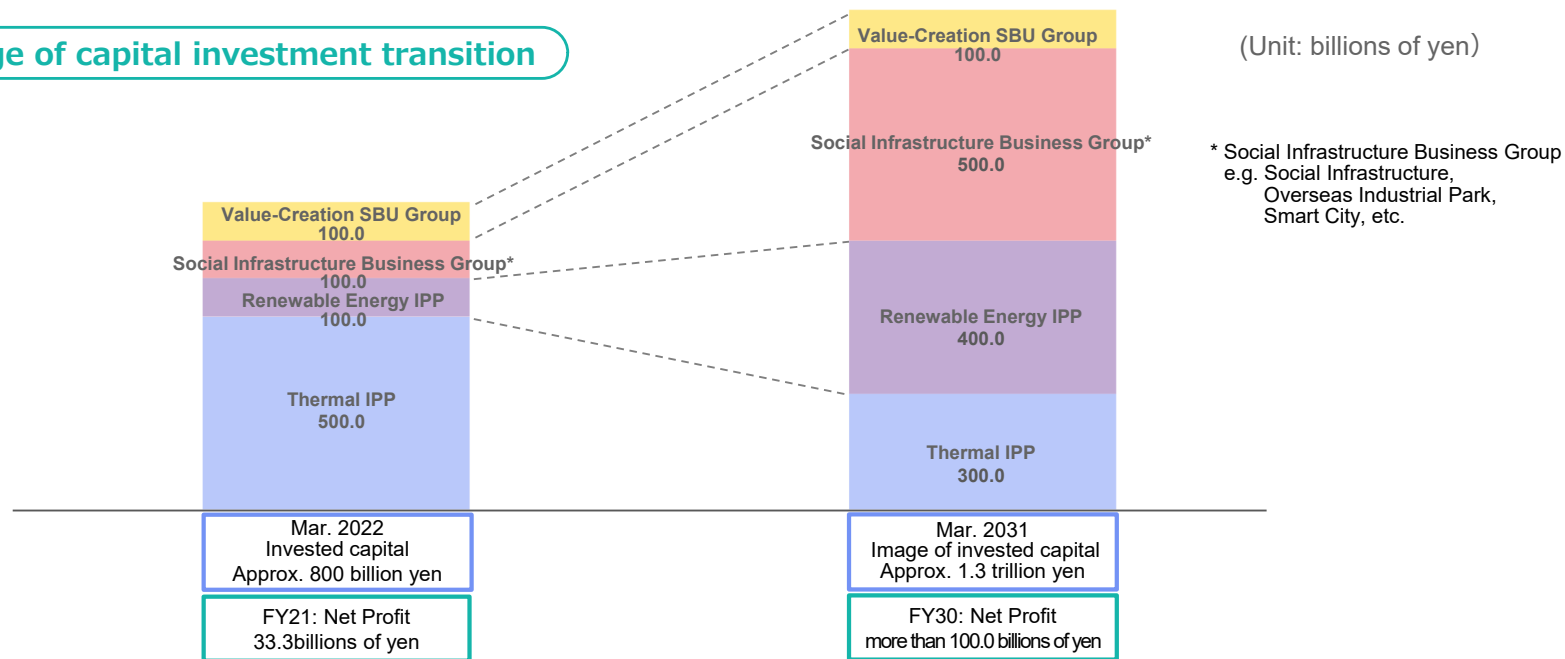
Achieving Carbon Neutrality by 2050

We will promote low-carbonization in our power generation portfolio and realize a sustainable carbon-neutral society as well as developing local societies and economies.

Long-Term Goal: Image of a Stable Earnings Base with a Sense of Scale

- Building a stable earnings base with strong downward resistance by accumulating quality assets in business areas of focus.

Image of capital investment transition



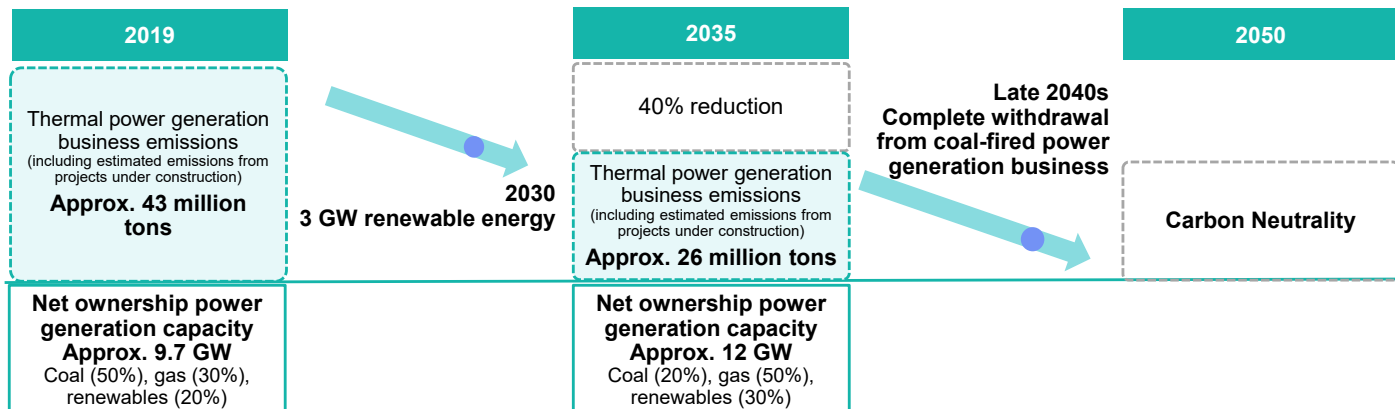
Long-Term Goal :

Achieving Carbon Neutrality by 2050 - Business Unit's Commitment

- We will achieve low-carbonization in our power generation portfolio to realize a sustainable carbon-neutral society as well as contributing to development of local societies and economies.

Roadmap to Carbon Neutrality by 2050

- We will not be involved in any new coal-fired power generation businesses neither IPP nor EPC. We will complete all projects and withdraw from the coal-fired thermal power generation business by the late 2040s.
- We will reduce CO₂ emissions from our power generation businesses by 40% or more by 2035 (of which a reduction of 60% or more of emissions from coal-fired power generation businesses).
- We will shift the balance of net ownership power generation capacity in our power generation portfolio from the recent position of coal (50%), gas (30%) and renewable energy (20%) to a new position of coal (20%), gas (50%) and renewable energy (30%) by 2035.
- We will expand our supply of renewable energy to 3 GW by 2030. (Aiming more than 5GW)



Goals in Current Medium-Term Management Plan

- To achieve our long-term goals, we will drive business activities as following policies in line with current medium-term management plan .

1

Returning to a Growth Trajectory

- Returning to a growth trajectory after FY2021 with a V-shaped recovery in business performance

2

Shift of Business Unit's Portfolio

- Taking new business opportunities for the business unit from initiatives toward carbon neutrality by 2050, and using the renewable energy power generation business as a strategic growth driver for reducing the carbon footprint of our power generation portfolio
- Shifting management resources from Thermal IPP businesses to Renewable Energy IPP, Social Infrastructure Business, and Overseas Industrial Park to cultivate the next stable earnings pillars

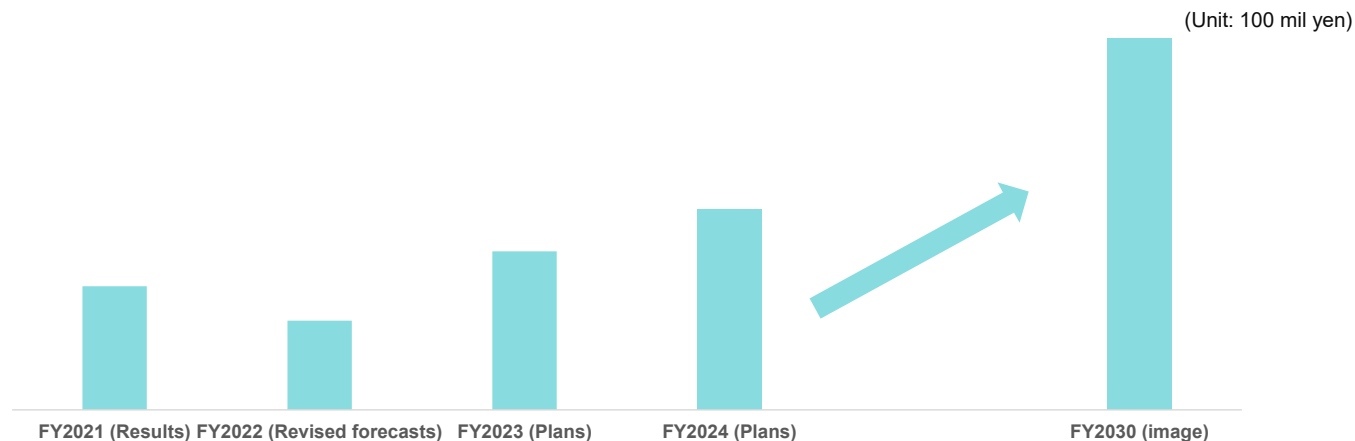
3

Establish Value Chains

- Driving commercialization of new power generation and energy services through co-creation with the EII
- Evolving the predominant value chain by involving internal and external partners, with each SBU as a driving business

Quantitative Targets

- Despite the current profit decrease due to the impact of soaring wholesale electricity market prices in Japan, we will achieve stable earnings with a sense of scale by restructuring the strategy of our business and achieving the unit's growth strategy.



Unit: billions of yen	FY2021 (Results)	FY2022 (Revised forecasts)	FY2023 (Plans)	FY2024 (Plans)	FY2030 (Image)
Profit for the period (attributable to owners of the parent)	33.3	24.0	43.0	54.0	More than 100.0

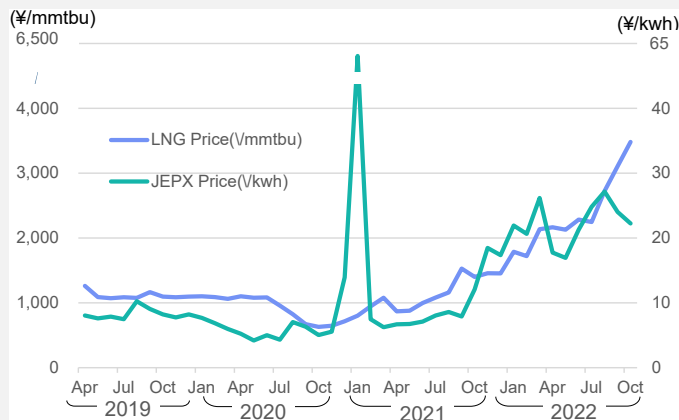
Summit Energy - Current Situation and Measures

Current Macro Environment

Wholesale electricity market prices continue to surge due to the following factors:

- Rising cost of power generation
 - High global fuel prices due to the situation in Russia and Ukraine
- Tight supply and demand
 - Increased demand due to weather conditions
 - Decreased supply due to suspensions of thermal power generation plant operation caused by earthquakes

<Reference>LNG and JEPX (Wholesale Electricity Market) Price Trends (yen/kwh)



Summit Energy - Current Situation

- Profits have consistently increased in the past (FY19: Record high as annual profit of 8.6 billion)
- Loss was posted in FY21 due to the impact of soaring JEPX prices and fuel costs. A significant loss is expected in FY22, as severe market conditions are expected to continue in the second half of this fiscal year
- Have not been able to sufficiently pass on the higher fuel and electricity prices to customers during this period from a consumer protection perspective

Short-Term Measures

- Prevent further deterioration of business performance by reviewing existing contracts, passing on prices to customers, etc.

Long-Term Growth Strategy

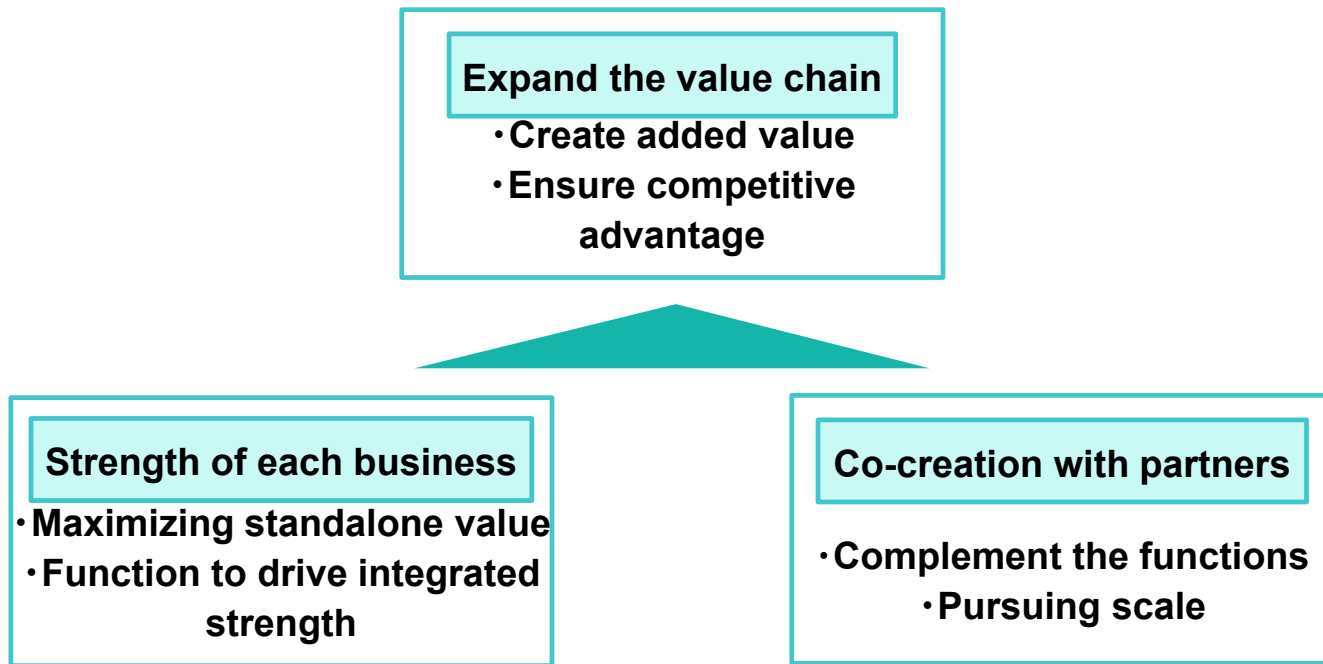
- Serve as a connection in the development of the renewable energy value chain by enhancing supply and demand balancing and energy management capabilities

03

Growth Strategy

Growth Strategy to Achieve Long-Term Goals

- Establish a predominant value chain and sustainable profit base by leveraging the existing strength and involving internal and external partners.

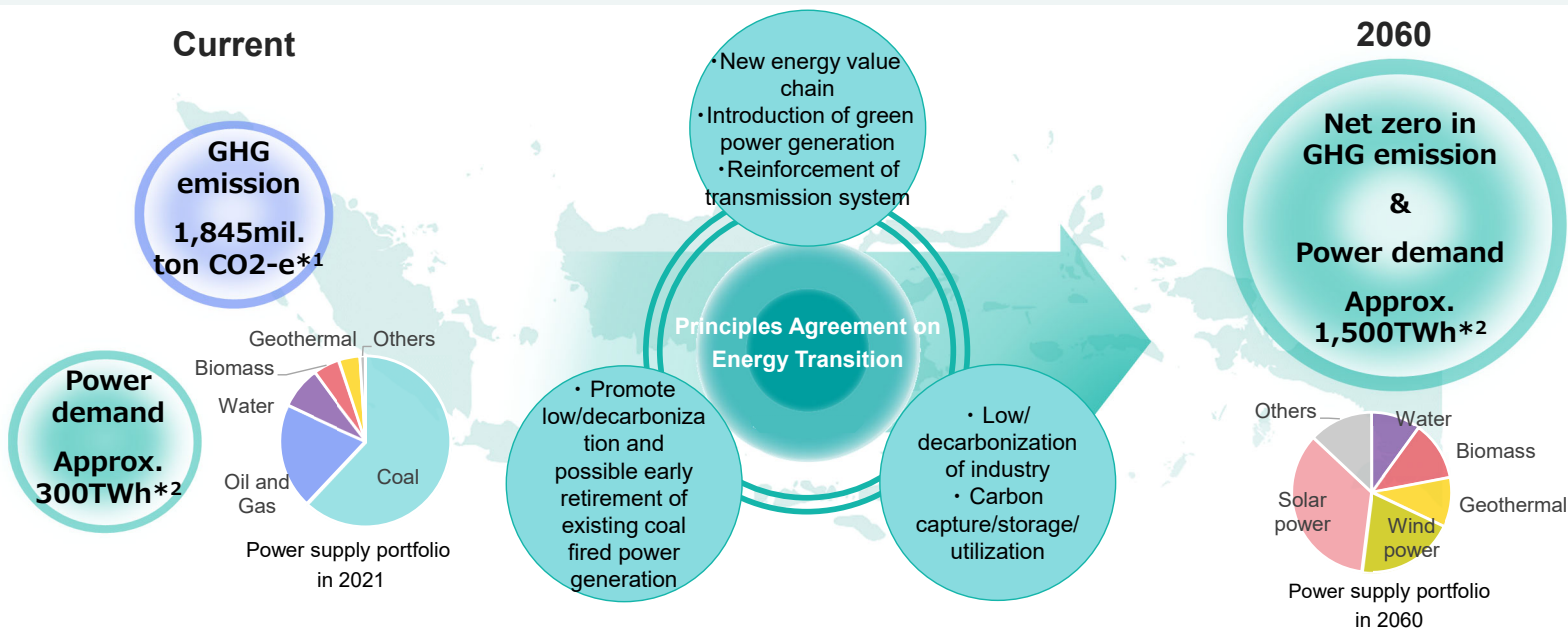


Examples of Missions and Strengths in Each Segment

<div>1</div> <h2>Power Infrastructure</h2>	<p>Value chain connecting development of power resource/power generation to consumers</p> <ul style="list-style-type: none"> 50GW of EPC development track record, 10GW of IPP track record Network with partners in Southeast Asia and Europe Trusted relationship with governments and national power utilities in Indonesia, Vietnam, Bangladesh, etc. <p>Example of initiative 1: Promoting Energy Transition (P.15~)</p>
<div>2</div> <h2>Social Infrastructure</h2>	<p>Value chain that develops all aspects of urban development plans</p> <ul style="list-style-type: none"> track records of Industry-leading railway business development (13 countries, 30 lines, 5,000 cars) Industrial parks (9 sites/565 companies/240,000 employees) Industrial customer base (Sumitomo Shoji Machinex possesses customer base of 1,500 companies) Water business (Helping 23.54 million people in Brazil, U.K., China, and Oman) Trusted relationship with governments in Vietnam, the Philippines, Bangladesh, etc. <p>Example of initiative 2: Overseas Industrial Park (P.20~)</p>
<div>3</div> <h2>Logistics Infrastructure</h2>	<p>Value chain that provides logistics without delays in social infrastructure arteries</p> <ul style="list-style-type: none"> Top-class logistics track record in the trading company industry (7 countries, 36 bases, 650,000m² of warehouses) Possesses insurance procurement capability and RM functions (Sumisho Insurance, Bluewell insurance brokers) DX implementation (commercialization of Smile Board Connect, promotion of logistics warehouse automation, establishment of internal supply chain platform) Port terminal business (Vietnam, Myanmar, Japan, Bangladesh)

Initiative for Energy Transition (Contribution to Indonesia NZE2060)

- Co-creation with the host country of a comprehensive ecosystem based on public-private partnerships to realize a sustainable society.
- Continuous contribution to the Indonesia's social and economic development, while realizing country's goal of energy transition and Net Zero Emission by the year 2060.



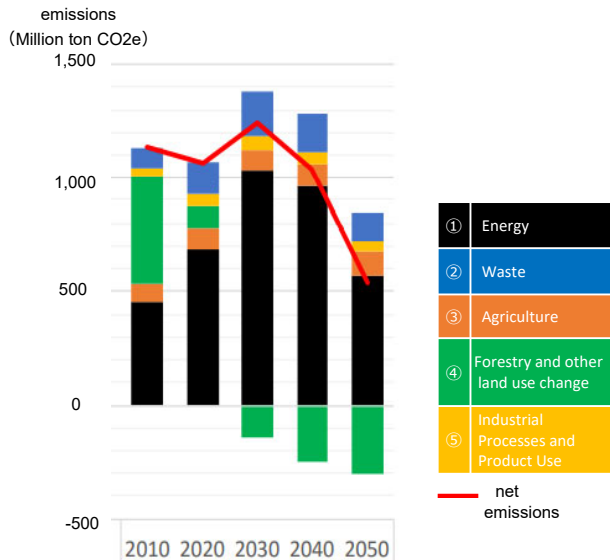
*1: Reference from UNFCC "Long-term low greenhouse gas emission development strategies (LT-LEDS)"
"The national GHG emissions for five gases" 2019 result.

*2: Reference from "An Energy Sector Roadmap to Net Zero Emission in Indonesia(International Energy Agency)"

Energy transition initiatives to realize local energy policies and decarbonization policies

- Design the energy transitions with governments to achieve host country's power plan and decarbonization and materialize them through time-phased actions.

Emission scenario up to 2050 toward carbon neutrality in 2060 by the Indonesian government*



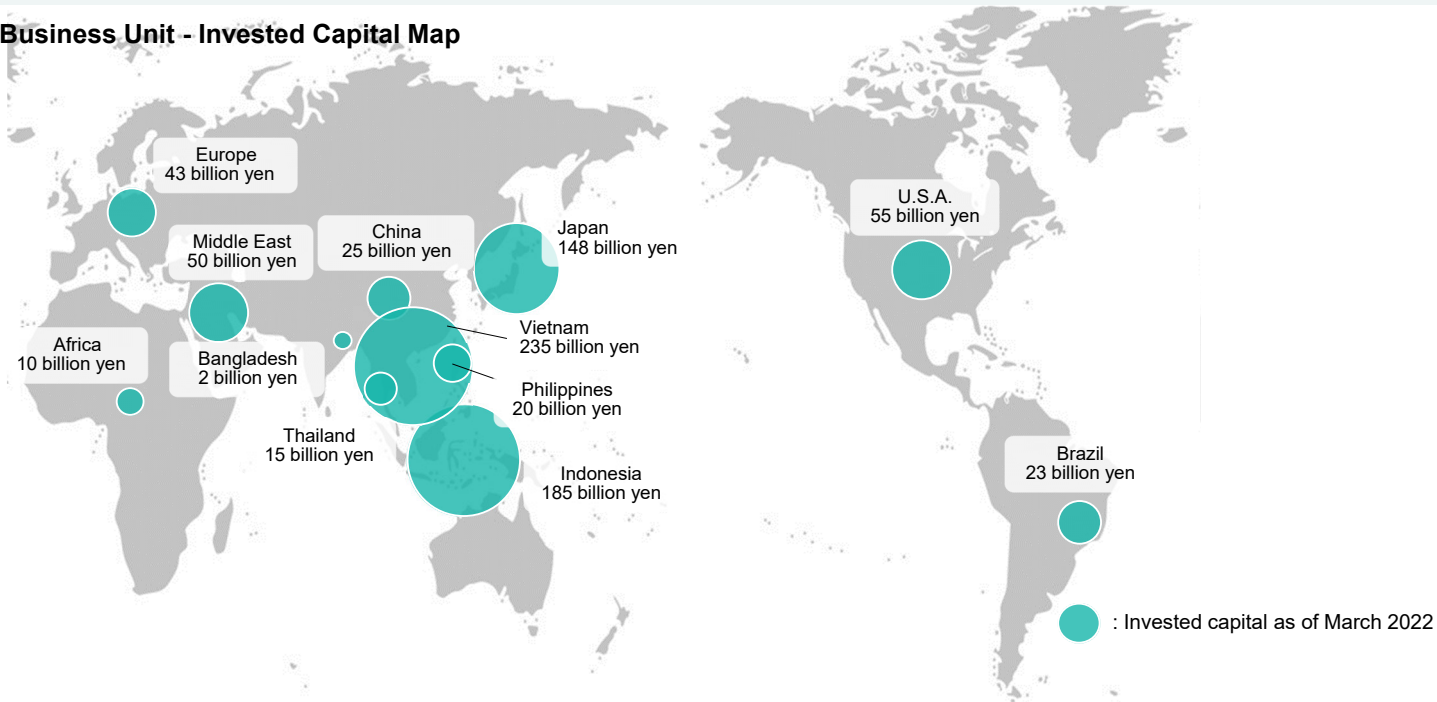
*Referred from UNFCC "Long Term Strategy for Low Carbon and Climate Resilience 2050 (2021)" "Low Carbon Scenario Compatible with Paris Agreement target"

Field	Project	Progress	Address field
Low/decarbonization of thermal power generation	New energy mono-firing/mixed-firing	Studying the feasibility of the use of hydrogen and ammonia	①
	Early retirement of coal-fired power	Conclusion of Principles Agreement with PLN	①
Introduction of green power generation	Geothermal power	Under operation and development (negotiating with PLN)	①
	Solar power	Studying jointly with host country the feasibility of introducing renewable energy on remote islands	①
	Hydro power	Business development led by Japan	①
	Waste power generation	Utilization of Japanese OEM with high global market share	① ②
Reinforcement of transmission system	Submarine cable	Cooperation with the Super Grid Concept	①
	Introduction of storage batteries	Cultivating battery industry, consideration of installation on remote islands	①
	Energy management		①
new energy value chain	Green hydrogen/ammonia biofuel production	Use of hydrogen and ammonia generated with renewable energy	① ⑤
		Biofuel production using agricultural residue	① ③
Carbon capture/storage/utilization	Utilization of forest resources	Forest protection and afforestation	④
	Carbon credit	Cooperation in developing a carbon credit market	④
	Introduction of CCUS/DAC methanation		①
		Acceleration of demonstration	① ② ③ ④ ⑤
Low/decarbonization of industry	Green industrial park	Supplying green power to industrial parks, manufacturing green products	⑤

Our Areas of Strength

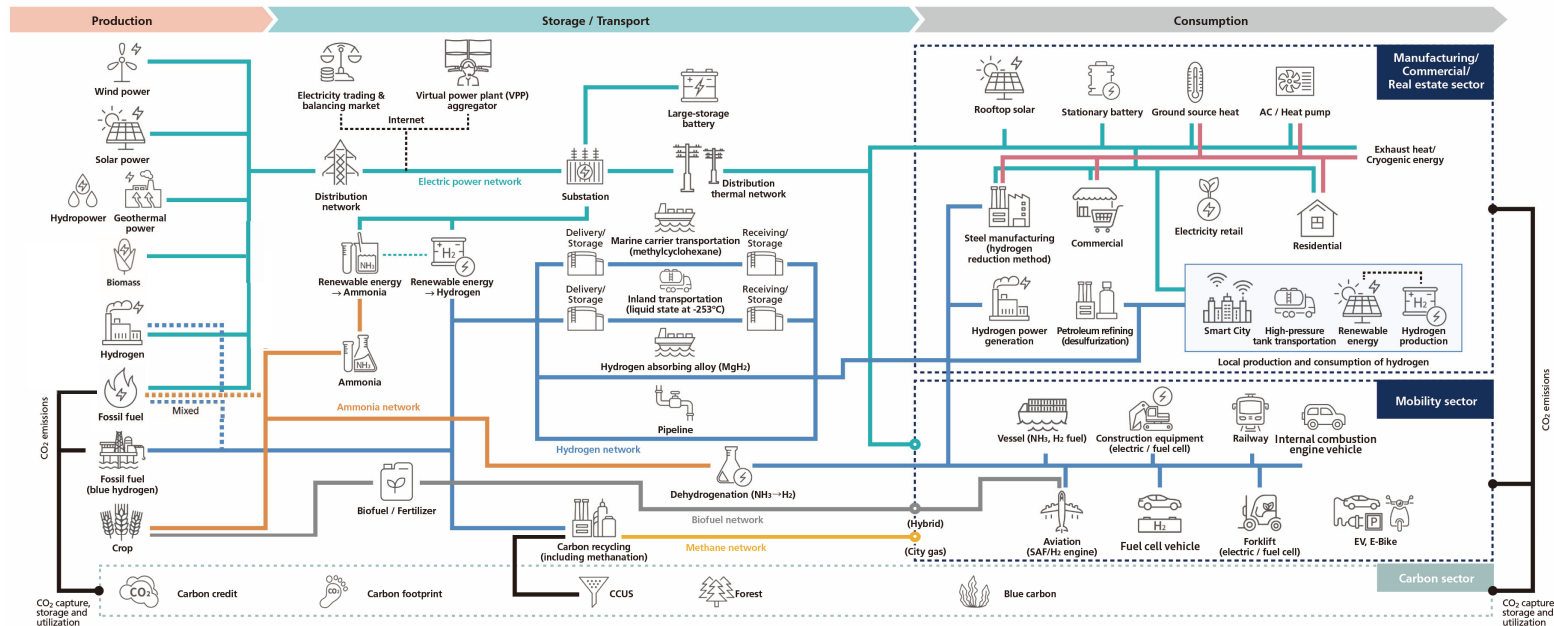
- Considering to take the same approach as we have in Indonesia for countries in which we have a presence and close relationships.
- Pursuing both "development of local communities and economies" and "achievement of CN globally"

Infrastructure Business Unit - Invested Capital Map



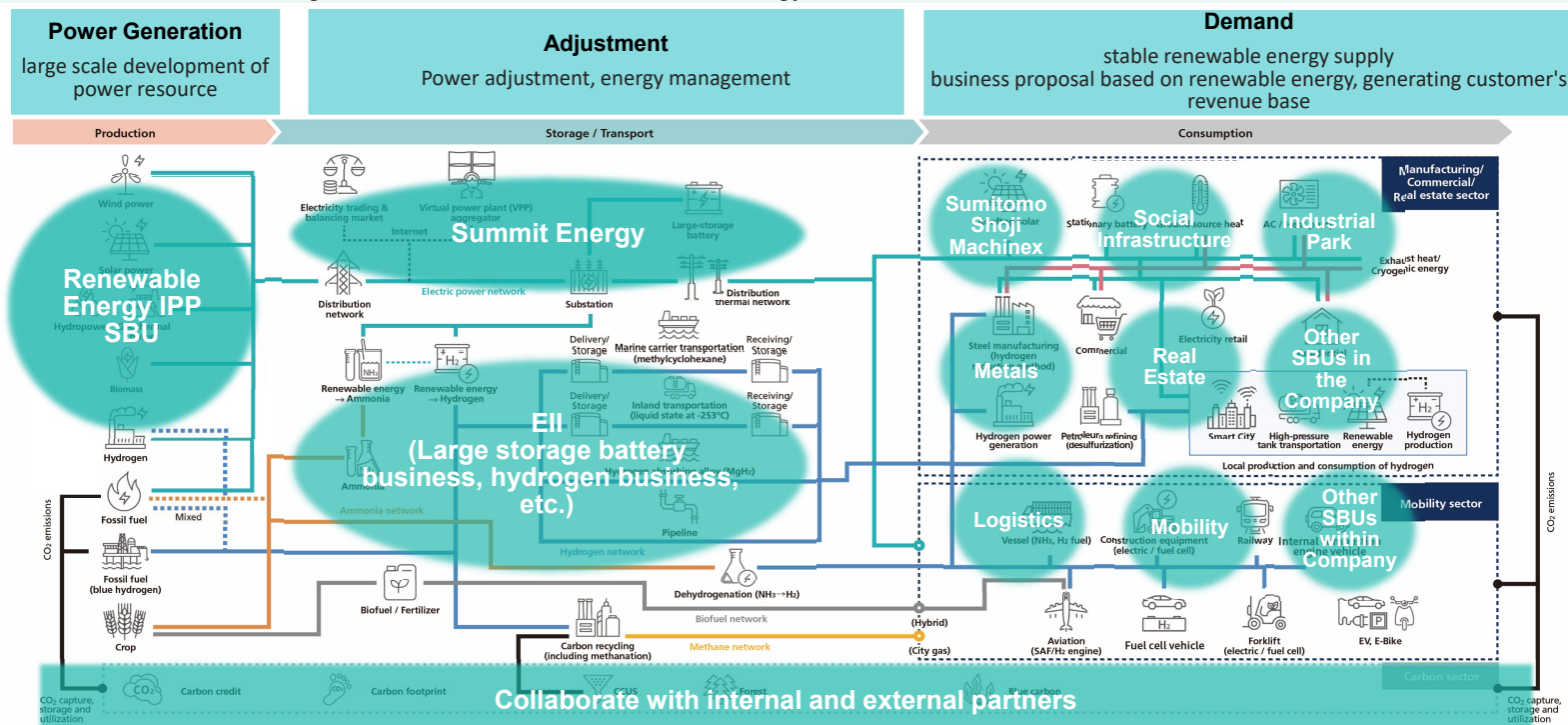
Renewable Energy IPP SBU - Growth Strategy

- In emerging markets, developing power sources in line with the host country's power and decarbonization plans
- In developed countries with mature markets, going beyond development and building a value chain through collaboration within the company as well as partners to secure and expand competitive renewable energy power sources and provide consumers who needs green power. In addition, aiming to provide clean energy services (hydrogen and other next-generation energy businesses, EV and other mobility businesses, etc.) to customers based on renewable energy power.



Renewable Energy IPP SBU - Our Renewable Energy Value Chain Approach

- SBUs within the company have the functions of each element of the value chain.
- Increasing opportunity, profitability, and scale in each area by owning renewable energy sources, which are "new resources," with a sense of scale, and connecting with consumers who need clean energy service.



Overseas Industrial Park Introduction

- Currently developing and operating high-quality industrial parks in 6 countries 9 locations
- Has a platform of 565 highly relevant tenant companies and 240,000 employees



- Land sales and infrastructure supply business



- Supply of green energy from roof-top solar panels at plants



- DX support for tenant companies (manufacturers)



- Digital platform for employees at the industrial parks



Strengths of Overseas Industrial Park SBU

1

Assessment and development capabilities to design high-quality industrial parks with a long-term perspective

- Most of industrial parks we've developed in the past have successfully invited many manufacturers.
- Some of the tenant companies have set up their factories in another Sumitomo's industrial parks.

2

Established our own platform for tenant companies and their employees

- 9 sites/565 companies/240,000 employees
- Business creation for tenants and their employees

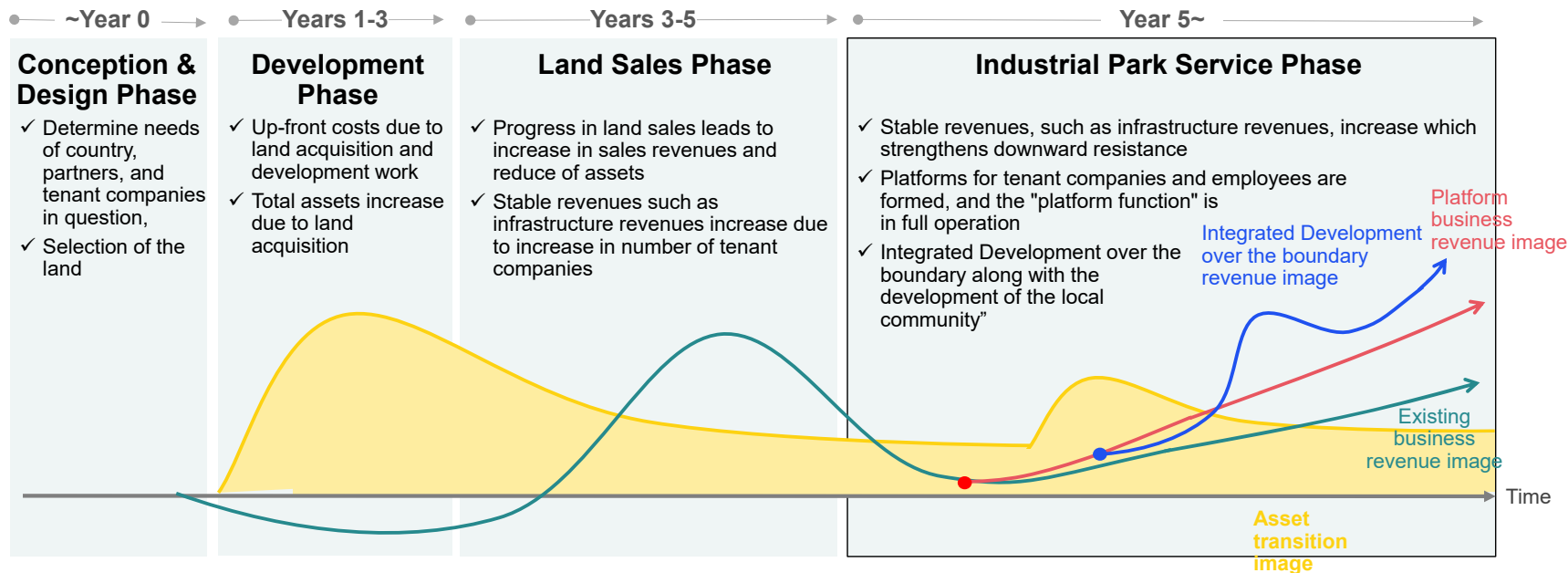
3

Strong presence in the countries where Sumitomo has developed industrial parks

- In Bangladesh and Myanmar, the governments requested us to work together for establishment of administrative procedures and foreign investment policy and others.

Profit Structure of Overseas Industrial Park Business

- Divided into "development phase" in which up-front costs are incurred; "land sales phase" in which up front costs are collected through sales; and "industrial park service phase" in which stable industrial park operations are conducted
 - Existing business: Land sales business generates peak earnings, followed by infrastructure earnings such as electricity and water supply
 - Platform business: Businesses targeting tenant companies and employees (logistics, trade, rooftop solar, healthcare, finance, mobile apps, etc.)
 - Integrated Development over the boundary : Commercial and residential development around the industrial park to capture growth of local communities

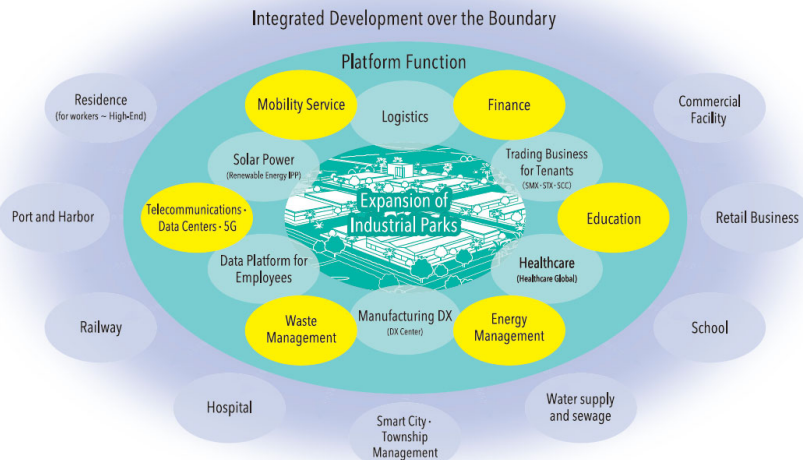
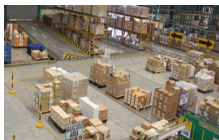


Three Pillars of Overseas Industrial Park SBU Growth Strategy

- Building an earnings base on three pillars: 1. Expansion of industrial parks business; 2. Utilization of platform function; and 3. Integrated development over the Boundary
- Expanding the "Industrial Park Economic Zone" as an ecosystem that generates sustainable earnings by leveraging our strengths and collaborating with internal and external partners

What We Aim to Be in FY2030

- **Platform scale: 14 sites, 950 tenant companies, 350,000 employees**
- **Revenue scale: Net profit at the 10-billion-yen level**



Summary

1

Ensuring the successful completion of SHIFT as set forth in the goals of the current medium-term management plan

2

Establishing a sustainable earnings base and ecosystem by leveraging the differentiated strengths of each SBU and building a value chain that involves internal and external partners

Appendix

Social Infrastructure Business Division - Business Overview


Social Infrastructure Business SBU

<p>• Water</p> 	<p>• Airport</p> 	<p>• Waste management</p> 
<p>• Transportation</p> 	<p>• Port</p> 	<p>• PET Bottle Recycling</p> 
<p>• Hospital PPP</p> 	<p>• Data Center</p> 	<p>• 5G</p> 

[Overview] - Infrastructure projects to solve regional social issues (water, airport, waste management, railway, port, PET bottle recycling, hospitals, data center, 5G, etc.)

[Challenge] - Establishing earnings pillars

Summit Energy (Electricity Retailing) SBU



[Overview] - Power generation and electricity retailing business in Japan

[Challenge] - Responding to soaring wholesale electricity market prices

Smart City SBU



[Overview] - Next-generation city development

[Challenge] - Establishing a monetizing model


Sumitomo Shoji Machinex (SMX) SBU



[Overview] - Industrial infrastructure equipment and facility sales

[Challenge] - Cultivating new growth businesses

Transportation EPC SBU



[Overview] - Transportation EPC business

[Challenge] - Formulating O&M projects by leveraging relationships with customers

Power Infrastructure Business Division - Business Overview

Power Generation EPC SBU



[Overview] - Power plant construction business
(*EPC = Engineering, procurement, construction)

[Challenge] - Decreasing number of large thermal power projects, shift to geothermal, etc.

Renewable Energy IPP SBU



[Overview] - Renewable energy power plant development and operating business
(IPP = Independent Power Producer)

[Challenges] - Increasingly competitive environment
- Constructing value chains from power source development to demand

Thermal IPP SBU



[Overview] - Thermal power plant development and operating business

[Challenge] - Promoting energy transition

Logistics Infrastructure Business Division - Business Overview

Overseas Industrial Park SBU



[Overview] - Overseas industrial park development, operation

- [Challenges] - New industrial park development
- Creating businesses utilizing platforms
 - Integrated Development over the Boundary

Logistics SBU



[Overview] - Logistics center/transportation and delivery business, logistics equipment business

- Provision of logistics functions for the Sumitomo Corporation Group

- [Challenges] - Maintaining business quality
- Improving efficiency and revenue generation through digitalization

Insurance SBU



[Overview] - Optimal insurance procurement and proposals

- Insurance agency, broker, and self-insurance business

[Challenge] - Upgrading insurance RM functions



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