

**Question & Answer at Investor Day 2022 Closing session
(General overview)**

[Date] September 14th, 2022, 4:25pm - 4:55pm

[Speaker] Masayuki Hyodo Representative Director, President and Chief Executive Officer

Hirokazu Higashino Managing Executive Officer, Chief Strategy Officer

< Questioner 1 >

The Business Portfolio Shift seems to be making good progress against the plan. Including other shifts, it has just passed the halfway point of the medium-term management plan, and from president's point of view, please tell us about the points that you would like to accelerate and improve, and about the issues that you see in the three shifts.

< Hyodo >

All the executives and employees are doing a great job. But I think we need to focus more on earning money. We need to clarify necessary ROIC, against WACC, for each SBU, and for business that ROIC is below the WACC, we will make sure to increase the profitability level. Each of our businesses has an earning capability that allows us to have such discussions. Therefore, the only way to meet the expectations of our shareholders is to achieve results, and we will do this thoroughly.

On the other hand, in the long term, for example, considering our coal-fired power portfolio, we are carrying out the discussion that in case Sumitomo Corporation was to withdraw from it at the earliest possible time, how we should withdraw from it in a manner that is not inimical to the Sumitomo's business philosophy. We are seeking the way that our stakeholders would say, "I see, that's just like Sumitomo Corporation", and we will bring concrete methods and results.

< Questioner 1 >

I think it is a very good corporate culture, that you consider various aspects in a very careful manner when you consider exit from coal-fired power generation. On the other hand, when I think about your company's business portfolio in the mid- to long-term in 10 years, I have a feeling that there are portfolios that still generate revenues, and they are somewhat larger than those of other trading companies. What do you think about that from the president's point of view?

< Hyodo >

This is actually a point that has been discussed at the Board of Directors meetings where I am also participating as a member of the Board of Directors and as the position of the President and Chief Executive Officer. We are discussing that it is not right for the management of the Company to have such portfolios even though they generate revenues, and we should collect funds from it when it is cash-rich, and then aim to allocate management resources based on the direction and strategy we should take. I think that is one of the great challenges that we have, that we have to put that into practice.

< Questioner 2 >

Although in Q1 result, the good performance was shown the stock price was relatively low. I think that your company's evaluation and expectation have declined due to large losses in the past. It's the matter of way of information disclosure and its speed, but I think that you are a little short on information dissemination in a direction that raises market expectations. For example, set challenging targets at the beginning of the fiscal year and show changes, and when you are already profitable, if you can revise upward in Q1 you can show great confidence to the market. I understand that you are working on the issues and moving forward, but I am wondering if you can change the way you show the figures to show that you are growing and making more progress and improvement. Do you consider it is still difficult?

< Hyodo >

I don't think it is difficult. Thank you for your valuable advice.

< Questioner 3 >

I would like to ask you a question as an ESG analyst. Regarding the part of your company's growth strategy and the part of sustainability management, I wonder if you could tell us about any particular areas in which you are particularly committed to connecting the resolution of social issues to opportunities for earning revenues for your company.

< Hyodo >

To put it bluntly, the values envisioned by the so-called G7 or Europe and the values and prosperous image envisioned by developing countries, cannot possibly coincide, since they are at different stages of economic development. On the

other hand, there is things that we must do in line with Paris agreements, and I believe that Japanese company has a role to play in considering the roadmap to realize this goal together with Asia.

While considering these issues, when we reform our portfolio, we will increase new capital investment in areas that match the targets set in SBU to achieve the six key social issues and the long-term and medium-term goals associated there. The targets set in SBUs are incorporate into its SBU strategy. I think we have already clarified this concept, and we have to make efforts one by one.

To be more specific, there are many power generation facilities in Asian countries, including Japan, that emit CO2. There is no country in the world that can develop its economy while reducing the total amount of energy it generates, so in order to have the right amount of energy for economic development, we have to create a concrete and workable plan to achieve it while building renewable energy power plants. It is also important that how the funds can be secured and to be used, and I believe that the countries concerned, and Japan must work together with companies to draw a concrete picture. Including this kind of planning, ideal approach is to be deeply involved from the roadmap formulation stage. This is easy to say, but there are so many stakeholders involved that it is not something our company can do alone. However, I think it is something that Japanese companies should do to think about such things.

[END]