

Infrastructure Business Unit Strategy Responding to Changes in the Business Environment

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Business Environment Surrounding the Infrastructure Business Unit

1

Changes in the Macroeconomic Environment

- External factors such as COVID-19 and trade friction between the United States and China
- Cyclical variations in the economy

2

Arrival of the Low-carbon Society

- Increasing environmental awareness and specific commitments of countries and corporations
- Changes in the business environment surrounding the coal-fired power generation business

3

Expanding Infrastructure Demand

- High demand for infrastructure due to growth in emerging countries
- Expanded business opportunities through privatization of public infrastructure

Leveraging the strengths of the Infrastructure Business Unit to turn changes in the business environment into business opportunities.

Long-term Goals of the Infrastructure Business Unit

✓ We are committed to the following two long-term goals.

Building a Stable Earnings Base With a Sense of Scale

We aim to build a stable earnings base with strong downward resistance, 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 to realize a sustainable carbon-neutral society that allows development of local societies and economies.

New Medium-term Management Plan Goals of the Infrastructure Business Unit

- ✓ To achieve our long-term goals, our new medium-term management plan will drive business activities in line with the following policies.

1

Returning to a Growth Trajectory

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

2

Driving Business Toward Carbon Neutrality

- 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

3

Shifts within the business unit's business portfolio

- Shifting management resources from thermal IPP businesses to renewable energy IPP and social infrastructure businesses to cultivate the next stable earnings pillars

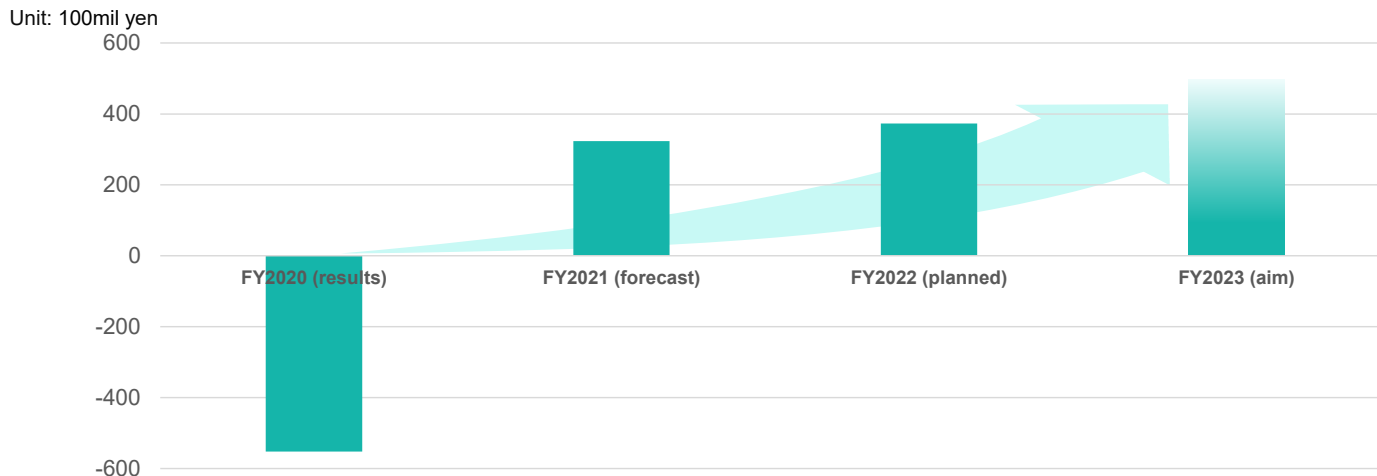
4

Co-creation with the EII

- Driving commercialization of new electricity and energy services through co-creation initiatives with the EII, with a focus on renewable energy IPP business and Summit Energy Corporation, an electricity retailer

Quantitative Targets of the Infrastructure Business Unit

We will work to return to a growth trajectory from FY2021 after a V-shaped recovery in business performance.



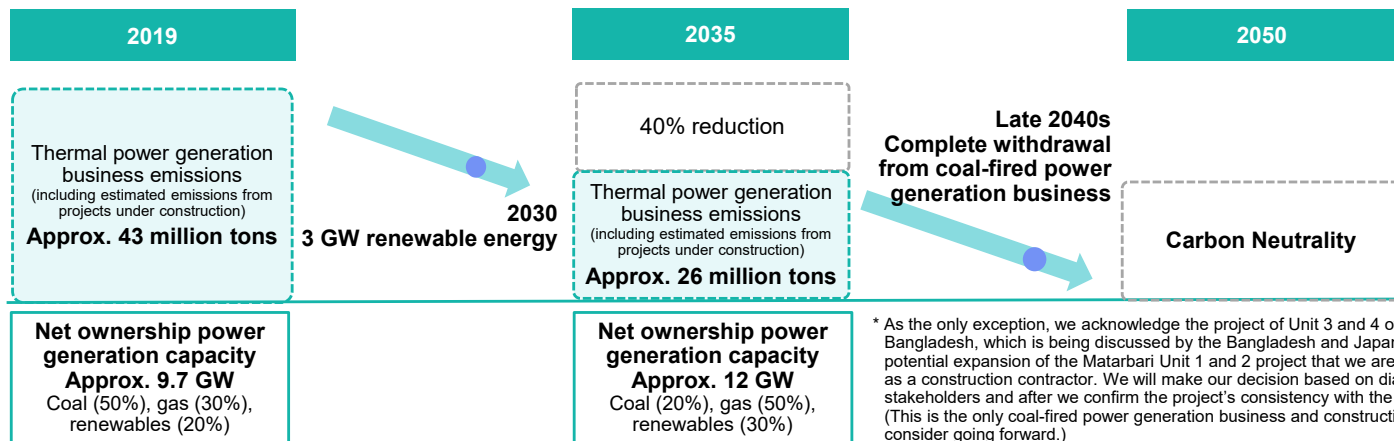
Unit: 100mil yen	FY2020 (results)	FY2021 (forecast)	FY2022 (planned)	FY2023 (aim)
Profit for the period (attributable to owners of the parent)	-552	320	370	Return to growth trajectory

Infrastructure Business Unit's Commitment to Climate Change Issues

- ✓ We will promote low-carbonization in our power generation portfolio to realize a sustainable carbon-neutral society that allows development of local societies and economies.

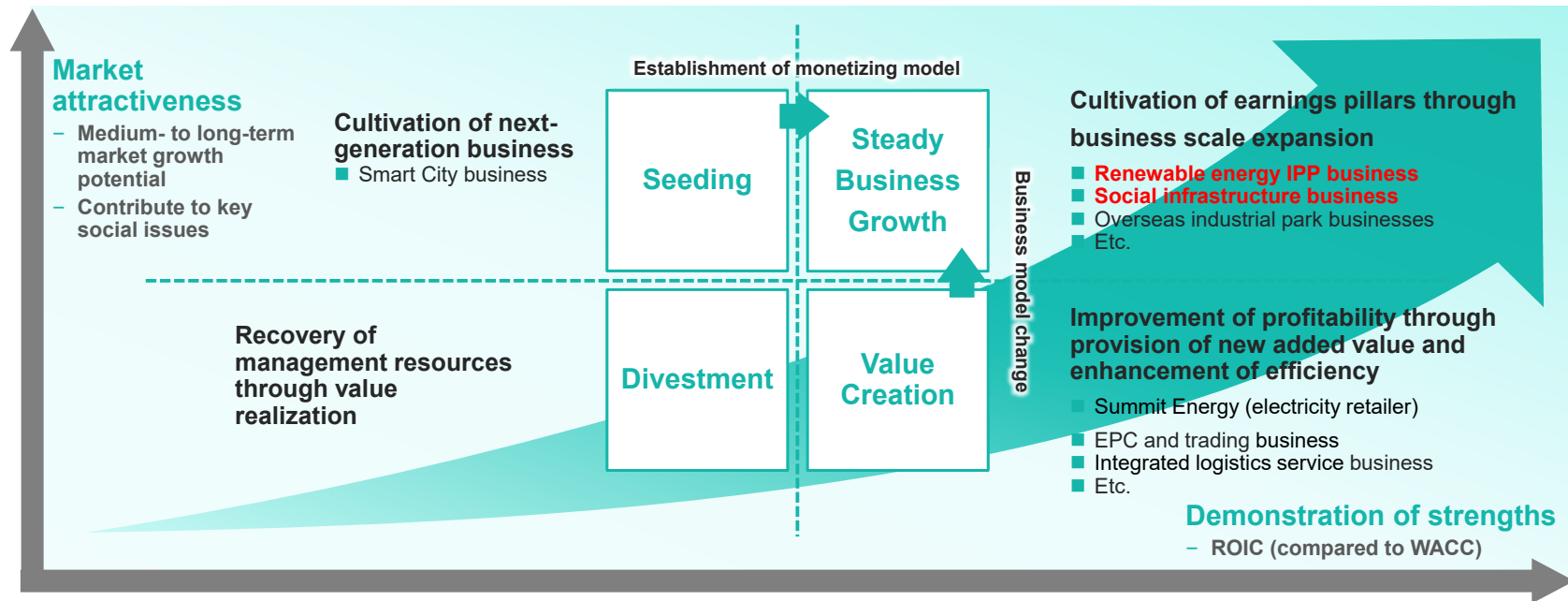
Roadmap to Carbon Neutrality by 2050

- 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.



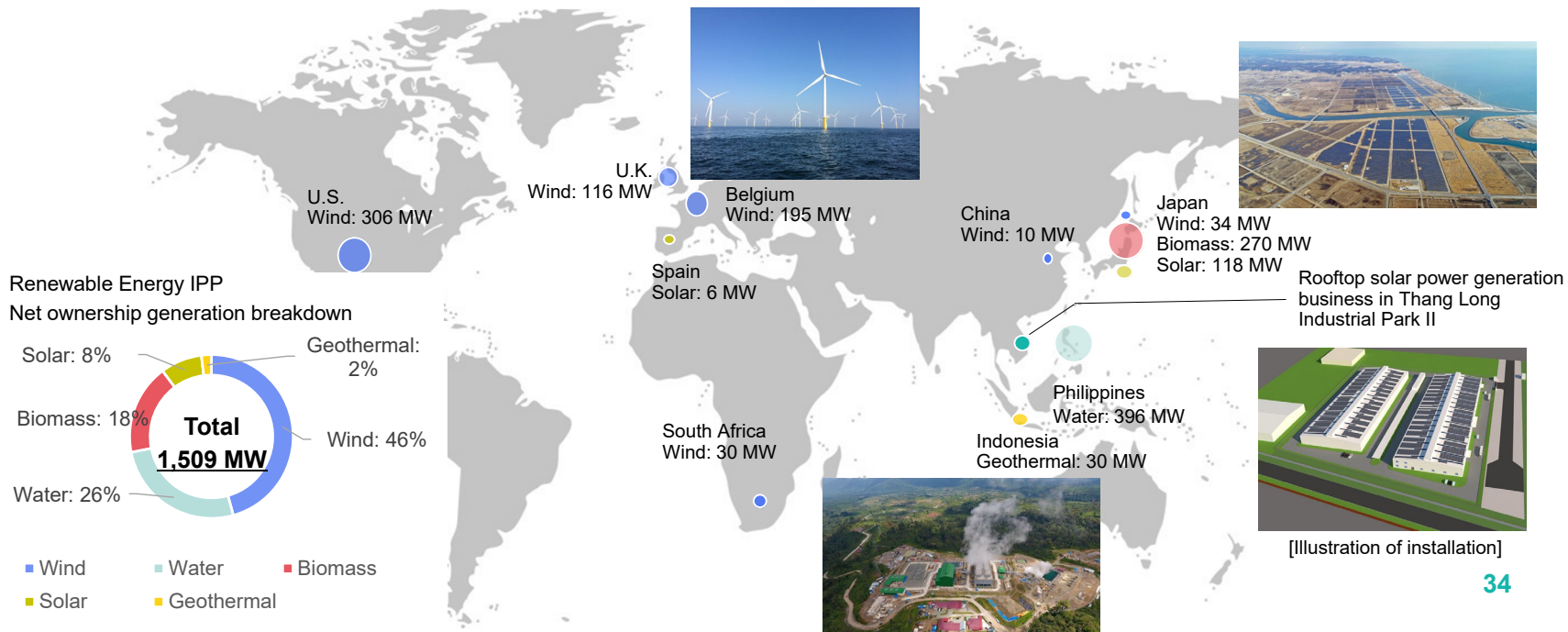
Infrastructure Business Unit – Shift in Business Portfolio

- ✓ We will leverage the strengths of our business unit and shift our management resources to focus on renewable energy IPP and social infrastructure businesses with particularly strong market growth potential to create our next earnings pillars.



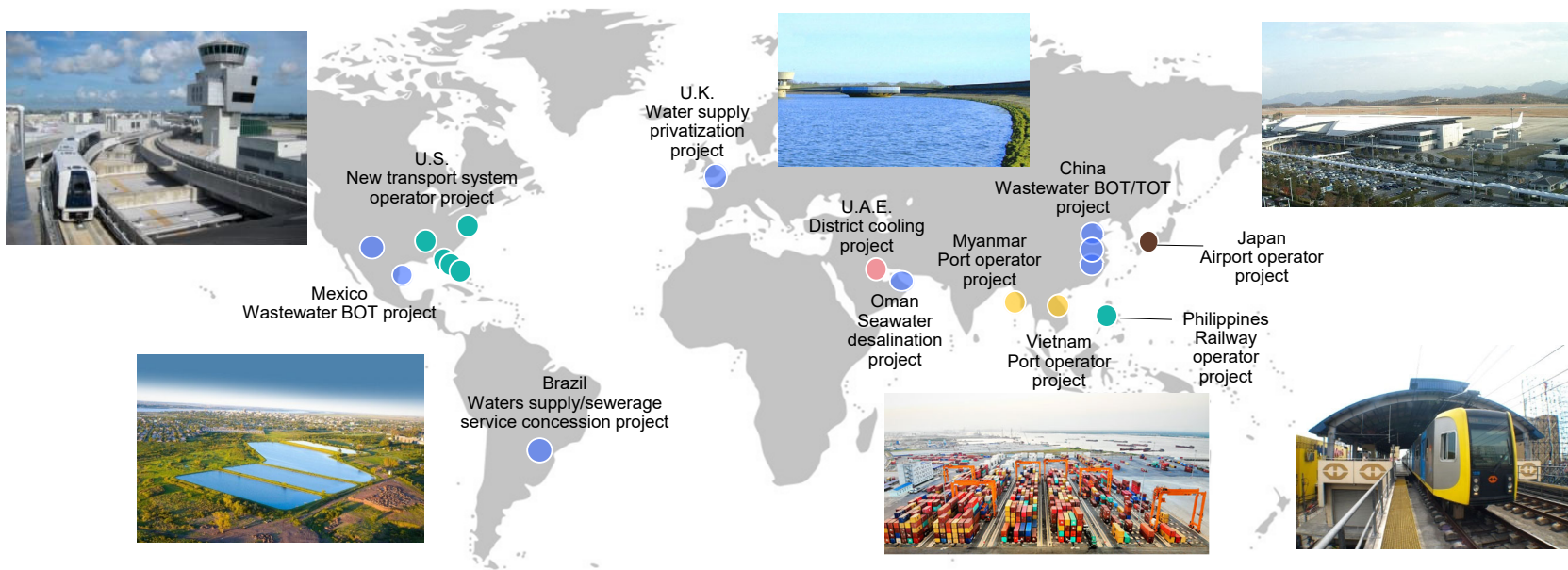
Key Business: Renewable Energy IPP Business

- ✓ At Sumitomo, we entered the renewable energy IPP business at an early stage and, as of March 2021, we had 1.5 GW of net ownership generation capacity. This market continues to have strong growth potential, so we aim to increase capacity to 3 GM by 2030 by participating in projects from the development stage.
- ✓ We have established renewable energy asset funds and have established mechanisms for providing investment opportunities to investors.
- ✓ In response to the increasing demand for green power from manufacturing and other industries, we have launched a rooftop solar business for companies in an industrial park that we operate.



Key Business: Social Infrastructure Business

- ✓ With predictions for increased local demand for high quality infrastructure and further privatization of public infrastructure, this market has strong growth potential. Demand is also solid, so there is strong downward resistance and potential for profit stability.
- ✓ This is an area where we can leverage the strengths of our business unit in terms of project structuring and management capabilities, and we have already had successes in water, ports, railways, airports and other businesses. Going forward, we will drive initiatives in other fields as well.



Value Improvement: Summit Energy (Electricity Retailer)



- ✓ Domestic electricity retailer Summit Energy will leverage its strengths (environmental value, risk management and supply-demand management capabilities) to implement growth strategies and improve its value. During FY2020, it supplied 1.6 billion kWh of electricity to about 1 million households and 5,000 business customer sites.
- ✓ This is a valuable business with many user and market contact points. It plays an essential role in co-creation initiatives with the EII to commercialize new electric power and energy services.

1 Portfolio of Renewable Energy Sources Offering Supply Stability With Focus on Biomass Power Source

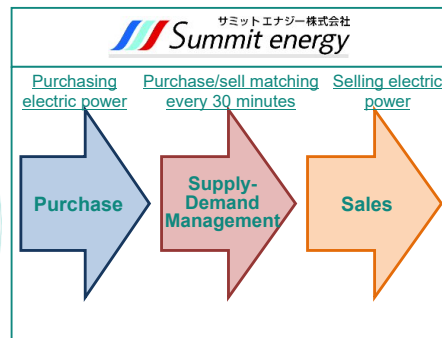
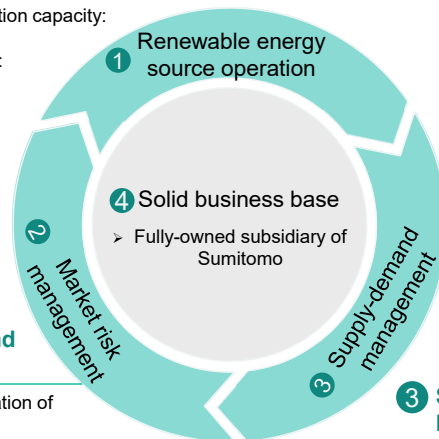
- Own renewable energy power generation capacity:
1 billion kWh/yr
- Own Green Power Certificates issued:
200 million kWh/yr



Biomass power plant (Summit Sakata Power)

2 Advanced Risk Management and Hedging Know-how

- Accurate understanding and visualization of market and fuel risks
- Portfolio optimization through diverse hedge instruments from cash to derivatives



Solution Provision to Users

- Carbon Neutral response
- Competitive electric power

3 Supply-Demand Management Know-how Based on Many Years of Power Generation and Retailing Business Operation

- Operation of power generation and retail businesses over 20 years
- Extensive experience managing supply and demand for low-voltage users with complex load requirements

Co-creation with the EII

- ✓ Establish new value-chain by Co-creation with EII
- ✓ Utilize each strength and enhance the co-work between two organizations for social implementation of innovation, such as production and consumption of hydrogen, co-firing of ammonium, and use of CCUS technology.

