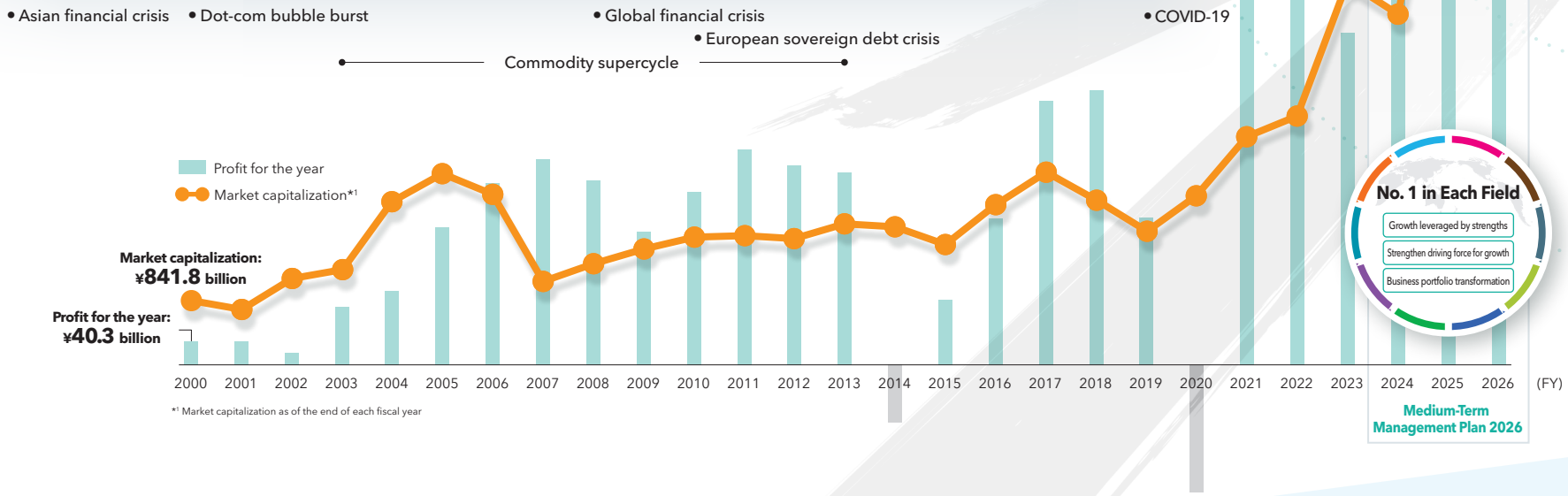
Snapshot / 1 Our History of Enhancing Corporate Value

Focus on our strengths—built on lessons from success and failure—to achieve stable growth and drive corporate value enhancement

Corporate value enhancement

p.22 Logic Tree

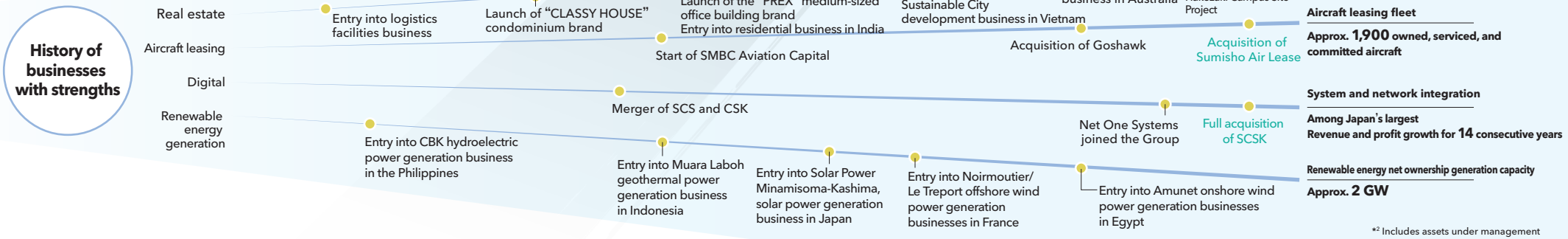
Market capitalization and profit for the year (billions of yen)



*1 Market capitalization as of the end of each fiscal year

Focus on businesses with strengths

Evolving and developing our unique strengths



*2 Includes assets under management

Snapshot / 2 Accelerating Growth
—Delivering on Medium-Term Management Plan 2026—

Profit growth and business portfolio transformation progressed through major investments and the acceleration of asset replacement

No. 1 in Each Field

Growth leveraged by strengths

Steady growth in the eight growth areas*1, led by Digital, Leasing, Real estate, and Energy solutions

Strengthen driving force for growth

Empowering people and organizations
Change in governance structure

Business portfolio transformation

New investments

Investment in Net One Systems by SCSK
Full acquisition of SCSK
Acquisition of U.S.-based aircraft leasing company, and others

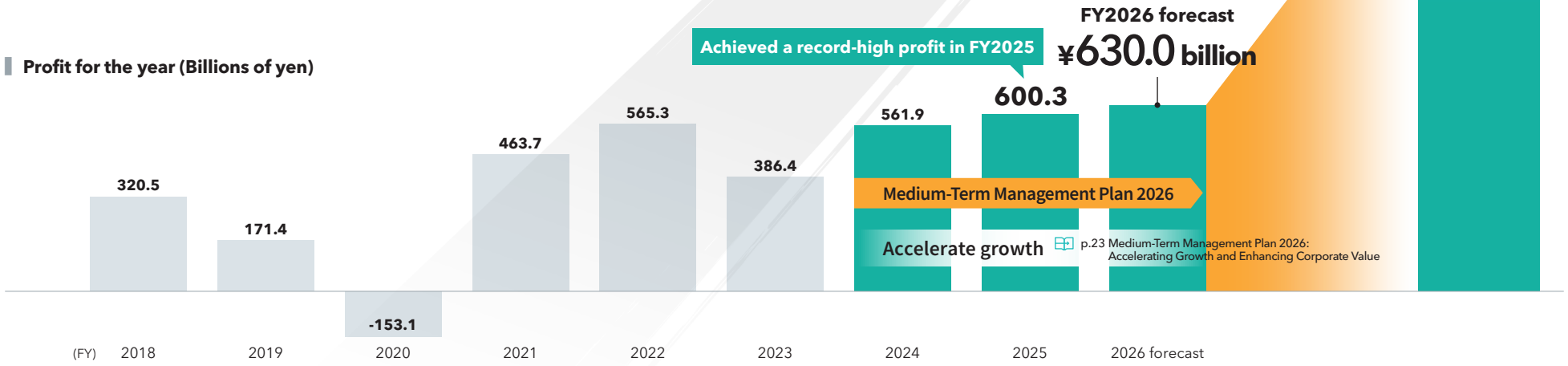
Asset replacement

Sale of the Ambatovy nickel project
Sale of T-Gaia*2
Sale of the melon production and sales business in North America, and others

Further enhance profitability

through profit contributions from major investments, as well as advancement of asset turnover and Digital & AI Strategy (DAIS)

Profit for the year (Billions of yen)



*1 Steel, Leasing, Construction systems, Real estate, Digital, Healthcare, Agriculture, Energy solutions *2 Mobile phone sales agent

Snapshot / 3 Digital & AI Strategy (DAIS)

Elevate our current medium-term plan's guiding principle—"Refine with digital, Profit with digital"—into our Digital & AI Strategy (DAIS) to further accelerate growth of the Sumitomo Corporation Group

Lead the transformation of society and industry

Pillar 2

Improve ROIC

through sales increase and cost reduction across the Sumitomo Corporation Group

Pillar 3

Create new revenue source

through collaboration between the Sumitomo Corporation Group and SCSK

Pillar 1

Double profits

vs. FY2025

Operating profit margin of **15% or higher**

FY2030

Quantitative impact of DAIS

ROIC +1 percentage point

(vs. FY2025 Sumitomo Corporation Group ROIC: 8%)

Talent

The Group's competitive advantage

Sumitomo Corporation Group

Collaboration value

SCSK

Business frontlines

Digital solutions

Digital & AI Strategy

p.30 Special Feature: DAIS

Digital & AI White Paper | https://www.sumitomocorp.com/-/media/Files/hq/news/important/2026/20260527/white_paper_2025_ja.pdf (Japanese version only)

DAIS Briefing | https://www.sumitomocorp.com/-/media/Files/hq/ir/explain/business/20260527Presentation.pdf?sc_lang=en

Snapshot / 4 Promote Sustainability Management Based on Material Issues

By addressing social challenges, we will enhance corporate value over the medium to long term

Six Material Issues identified as priorities for sustainable corporate value enhancement

- Build resilient and prosperous society
- Overcome climate change
- Preserve and regenerate natural capital
- Respect human rights
- Develop talent and promote DE&I
- Maintain and strengthen governance

Major initiatives

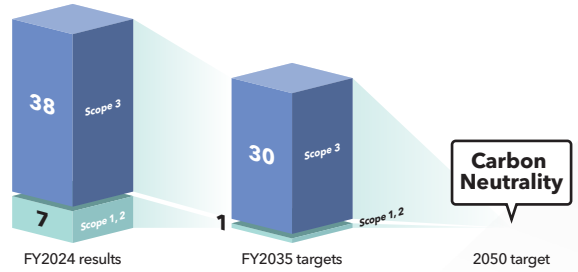
Click here for more details on our six Material Issues p.20 Material Issues

Overcome climate change

Calculate and disclose Scope 3 emissions across the supply chain and update carbon neutrality targets

Carbon neutrality targets (Million t-CO_{2e})

Total: **45 million t-CO_{2e}**

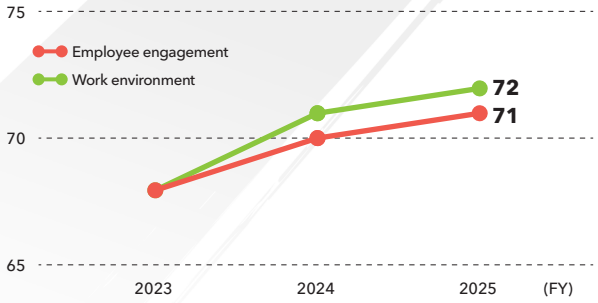


p.40 Sustainability Management
p.43 Initiatives for Disclosure

Develop talent and promote DE&I

Maintain engagement at a high level through various initiatives aimed at empowering people and organizations

Engagement score (%)

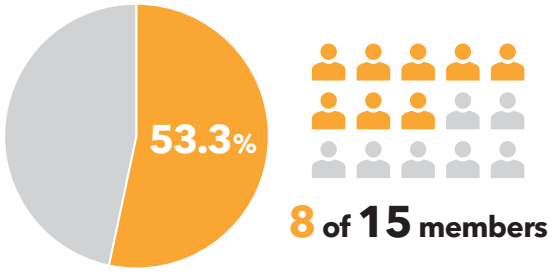


p.46 Human Capital

Maintain and strengthen governance

Strengthened monitoring functions through the transition to a Company with an Audit & Supervisory Committee and by ensuring majority of Outside Directors

Ratio of Outside Directors



p.50 Corporate Governance

CONTENTS

Introduction

01 Integrated Report 2026: Snapshot
❶ Our History of Enhancing Corporate Value
❷ Accelerating Growth
—Delivering on Medium-Term Management Plan 2026—
❸ Digital & AI Strategy (DAIS)
❹ Promote Sustainability Management Based on Material Issues
05 CONTENTS
06 Editorial Policy/Statement of Authenticity
07 Message from President and CEO
12 Roundtable Discussion among Outside Directors

01. Value Creation Stories for the Future

—Further Pursue No. 1 in Each Field

16 Values of the Sumitomo Corporation Group
17 Value Creation Model
18 Management Capital
19 Material Issues
21 Material Issues × Management Capital
22 Logic Tree
23 Medium-Term Management Plan 2026
28 Message from CFO
30 Special Feature: Digital & AI Strategy (DAIS)
37 Message from CDO and CIO

02. Foundations for Accelerating Transformation

—Sustainability, Human Capital, Governance

39 Message from CSO and CSDO
40 Sustainability Management
43 Initiatives for Disclosure
45 Message from CAO and CCO
46 Human Capital
50 Corporate Governance
59 Risk Management
60 Investment Risk Management
62 Information Security

03. Performance & Data

64 List of Group Businesses
65 Business Groups
Steel Group/Automotive Group/
Transportation & Construction Systems Group/
Diverse Urban Development Group/
Communication Services Group/Digital AI Group/
Lifestyle Business Group/Mineral Resources Group/
Chemical Solutions Group/
Energy Transformation Business Group
75 Summary of Key Financial Indicators
76 Segment Information
77 Summary of Non-Financial Indicators
78 Company Information
79 Global Network
80 Dialogue with Stakeholders
81 External Recognition

Quick guide

Q1. What are the strengths of the Sumitomo Corporation Group?
p.16 Values of the Sumitomo Corporation Group
p.17 Value Creation Model
p.18 Management Capital
pp.46–49 Human Capital
pp.64–74 Business Groups

Q2. What initiatives is the Company undertaking for business portfolio transformation?
pp.12–14 Roundtable Discussion among Outside Directors
pp.23–27 Medium-Term Management Plan 2026
p.39 Message from CSO and CSDO
pp.60–61 Investment Risk Management

Q3. What are the Company's digital and AI initiatives?
pp.30–36 Special Feature: Digital & AI Strategy (DAIS)
p.37 Message from CDO and CIO

Q4. What are the Company's initiatives for sustainability management?
pp.19–20 Material Issues
p.39 Message from CSO and CSDO
pp.40–42 Sustainability Management

Q5. I'd like to learn more about Company's governance.
pp.12–14 Roundtable Discussion among Outside Directors
pp.50–58 Corporate Governance

Q6. I'd like to review Company's quantitative information.
p.75 Summary of Key Financial Indicators
p.76 Segment Information
p.77 Summary of Non-Financial Indicators

Cautionary statement concerning forward-looking statements

This integrated report contains management targets relating to medium-term management plans and a wide range of other forward-looking statements. They are subject to the influence of a range of factors in the Company's circumstances going forward and do not constitute a guarantee of future business performance or a guarantee that the targets and forecasts will be met. Readers are therefore advised to avoid placing undue reliance on the forward-looking statements contained herein and to be aware that the Company recognizes no obligation to update or revise such statements.

Scope of report

- Period covered: April 1, 2025, to March 31, 2026 (Some activities starting on or after April 1, 2026, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group

Referenced guidelines

- The International Integrated Reporting Framework (IFRS Foundation)
- ISO 26000 (Guidance on Social Responsibility)
- Guidance for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry

Editorial Policy/Statement of Authenticity

At the Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information.

The integrated report is the primary disclosure tool for this information and serves as the core medium for communicating the medium- to long-term growth story of the Group.

Production of Integrated Report 2026 was led by the Investor Relations Dept., which developed the concept based on analysis of feedback gathered through meetings with multiple institutional investors held throughout the year. It was created in close collaboration with related departments—including the Corporate Planning & Coordination Dept., Corporate Sustainability Dept., HR Strategy Dept., Corporate Legal & General Affairs Dept., and various business groups—and through ongoing discussions with senior management.

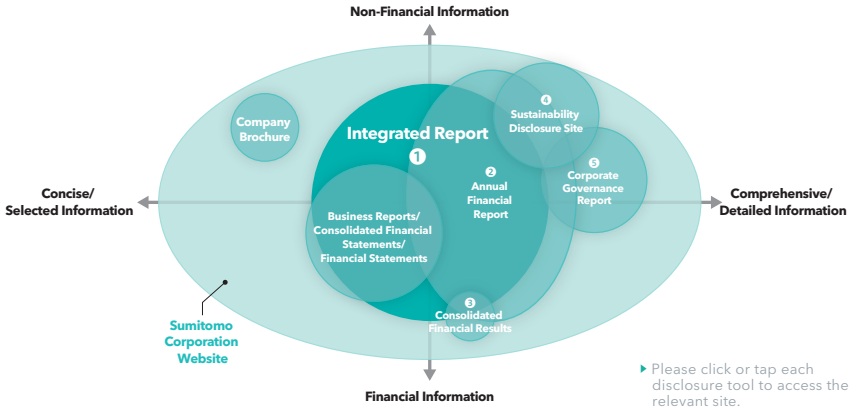
Integrated Report 2026 opens with easy-to-understand snapshots highlighting the steady progress of Medium-Term Management Plan 2026 and our medium- to long-term initiatives. It then explores important topics in greater detail in the subsequent sections, with the aim of providing a deeper understanding of the Group's approach to sustainable value creation. In addition, reflecting feedback from our stakeholders, we have enhanced the report in the areas listed below.

We affirm that the editorial process and content of this integrated report are appropriate and accurate. We will use this report as a starting point for deeper dialogue with stakeholders as we continue working to enhance corporate value.

Key enhancements	Overview
Improved readability **Improved AI readability**	This report's main highlights are presented as snapshots at the beginning, enabling readers to quickly understand the overall picture.
	We also structured and tagged the PDF to improve AI readability and facilitate information extraction and analysis.
	In addition, we piloted an AI chatbot linked to our corporate website, enabling users to explore the integrated report through an interactive, conversational interface.
Market engagement	In addition to Dialogue with Stakeholders, we included key questions and answers from a DAIS briefing held on May 27, 2026.
Quantitative information	We have disclosed ROIC and invested capital data for each of our 10 segments.
Expanded sustainability disclosures	We expanded our disclosures on climate-related risks, opportunities, and financial impacts, as well as supply chain risks and opportunities related to natural capital.

Sumitomo Corporation Group's information disclosure system

Information needs	Disclosure tools	
● Overall picture of medium- to long-term value creation and corporate value enhancement	① Integrated Report	
● Detailed financial and non-financial information	② Annual Financial Report	
● Financial results and outlook	③ Consolidated Financial Results	
● Detailed information on sustainability	④ Sustainability Disclosure Site	
● Detailed information on corporate governance	⑤ Corporate Governance Report	
● Dialogue with investors	Others	Investor information: Earnings briefings, IR Day, business briefings, and other investor events
● Value creation initiatives and stories from the frontline	Others	Enriching+: Our official content platform



Please click or tap each disclosure tool to access the relevant site.

Message from President and CEO

Evolving toward “No. 1 in Each Field”

Q1. With FY2026 marking the final year of Medium-Term Management Plan 2026, how would you characterize the Sumitomo Corporation Group’s current stage of growth?

I am often asked whether Sumitomo Corporation has recently changed. I intend to demonstrate that change through our performance and actions. Medium-Term Management Plan 2026, launched in FY2024, has now entered its final year. Looking back on FY2025, the second year of the plan, I strongly believe we took major steps to put the plan’s strategies into action. Following past structural reforms, we have made a decisive shift toward growth under the current medium-term management plan, centered on “No. 1 in Each Field.” The belief that we can, and will, become No. 1 has steadily grown stronger among our employees. Since taking office as President and CEO, I have made dialogue with employees a priority through SHINGO CAFÉ, which brings together around 30 employees for each session, as well as town hall meetings overseas. Through these interactions, I have witnessed this change in mindset firsthand.

This shift in mindset among our officers and employees has become a driving force behind our business portfolio transformation, leading to major investments, such as the acquisition of a U.S.-based aircraft leasing company and the full acquisition of SCSK, as well as asset replacement. Such initiatives have contributed to profit growth and improved capital efficiency, including higher ROE. Through the accumulation of these efforts and achievements, I believe the way the market views our Company is also beginning to change, with this change reflected in our stock price.

Today, the business environment is changing at an unprecedented pace, driven by the emergence of geopolitical and related risks, advances in AI, and other factors. It is precisely in such an environment that we must allocate capital to the “core” areas where we have strengths and competitive advantages, manage those businesses ourselves, enhance their value, and replace them when necessary. Our ability to continuously transform our business portfolio in this way will be more important than ever in enhancing corporate value. With this in mind, we will continue working to deliver profit growth and further improve capital efficiency.

In FY2025, we exceeded our target and achieved record-high profit. In FY2026, the final year of Medium-Term Management Plan 2026, we will remain firmly focused on setting another record high while strengthening our management foundation for even greater growth in the future.

The Sumitomo Corporation Group is set to enter an uncharted growth stage. The prospect of what lies ahead fills me with excitement.

Shingo Ueno
Representative Director,
President and
Chief Executive Officer

Message from President and CEO

Q2. How will you transform the Group's business portfolio and deliver sustainable growth?

I am sometimes asked what kind of portfolio we are aiming to build. We will concentrate our management resources on "core-strength" businesses in growth areas where we can leverage our strengths. At the same time, there is no guarantee that we can maintain our strengths indefinitely. We must carefully assess the changes taking place around the world and seize the growth opportunities they present. We must broaden the areas where we can leverage our strengths while developing new ones. By doing so, we will build a sustainable and resilient business portfolio. That is the answer I give when asked about the portfolio we are aiming to build.

The acquisition of a U.S.-based aircraft leasing company and the full acquisition of SCSK are examples of how we have been allocating management resources to our "core-strength" businesses. SCSK, in particular, will play an extremely important role in executing our Digital & AI Strategy (DAIS). By combining SCSK's expertise with the Sumitomo Corporation Group's business operations spanning approximately 900 companies and its global customer base of around 100,000 companies, we will accelerate growth across the entire Group.

It's also important to develop our next winning strategies. In addition to sharpening our current competitive advantages, we are working to develop businesses that will become future pillars of earnings. To this end, we are investing around 20% of our initial investment plan in new areas with growth potential. We will build on our current strengths while developing new avenues for success. This cumulative effort will lead to growth over the medium to long term.

Underpinning this business portfolio transformation is the "self-direction and self-discipline" of each organization. The important thing is for those on the frontlines, who know their businesses best, to take ownership in assessing growth potential and risks, formulating strategies, and executing them. If a business has future potential, we persist with it. If it does not, we do not cling to it.

Through these efforts, we will continue evolving our business portfolio and pursue our ambition—growth beyond the ¥600.0 billion profit level.

Q3. How do you assess the decision to withdraw from the Ambatovy nickel project?

We have been closely involved with the Ambatovy nickel project for many years, since we first began considering the project internally in 2005. I have been directly involved since 2019, first as General Manager of the Mineral Resources, Energy, Chemical & Electronics Business Unit, and since 2024 as President and CEO. As management, we take seriously the significant cumulative losses incurred and the concern this has caused our stakeholders.

At the same time, the project has created around 9,000 jobs and played an important role in Madagascar's economy and local communities. For this reason, we have remained committed to pursuing both the long-term sustainability of the business and our responsibilities to society. Beginning in 2024, we explored every possible option—including continued operations, a sale, mine closure, care and maintenance, and bankruptcy—while keeping our social responsibilities foremost in our minds. Ultimately, we chose to transfer the business to a consortium led by Essenwood Partners, which possesses both the technological expertise and financial resources required. I believe this was the best option from both economic and social perspectives.

The Ambatovy project was much more than a simple nickel mining operation. Madagascar lacks well-developed industries supplying equipment and materials, raw materials, energy, and other essential inputs, making it difficult to procure sufficient supplies domestically. As the project involved not only mining but also smelting, we had to build and operate the necessary infrastructure ourselves, including sulfuric acid and hydrogen plants, on-site power generation facilities, ports, and logistics infrastructure. This made it an extremely complex undertaking, where a problem in any one part of the operation could affect the entire project. While confronting these challenges, we worked persistently to stabilize operations and strengthen the project's business foundations. We wanted to ensure that our efforts were carried forward by finding a way to keep the business operating, and I believe we were able to do so. That is why I do not view the divestment as simply a withdrawal from the project. I believe that transferring the business while fulfilling our responsibilities to local communities, rather than focusing solely on economic value, embodied Sumitomo's Business Philosophy. This approach to business has earned recognition from a number of global companies, some of which have approached us about working together. I believe it demonstrates the trust we have built with them.

Message from President and CEO

Q4. You have also said that you plan to pursue an "asset-turnover" model. How will you go about this?

The Group has refined a business model that creates value through the development and operation of assets in such areas as real estate and energy infrastructure, including power plants. Going forward, we will take this a step further by selling assets after enhancing their value and using the cash generated to drive the next stage of growth.

We are already doing this extensively in our real estate business, where we develop and operate assets to enhance their value, sell them, and then reinvest the generated cash in the next project. In our energy infrastructure business as well, we will take an integrated approach encompassing development and operation to recovery of invested capital through asset sales.

We are also strengthening our leasing businesses, which generate earnings by mobilizing assets. Rather than simply owning and leasing assets like aircraft and vehicles, we will also provide services, such as asset management and maintenance, while flexibly acquiring and selling assets in response to market conditions.

While market liquidity is important for this type of business model, it only works because of the strengths our company has cultivated over many years. In our development businesses, for example, the properties and power plants we build create enough value to attract buyers in the market. I believe this reflects the well-established reputation that "If Sumitomo Corporation built it, you know it's good." We enhance the value of assets, find the best way to realize their full potential, and use the proceeds to drive further growth. By accelerating this cycle, we will generate greater cash flows and build stronger earning foundations for each of our businesses.

From the perspective of our overall business portfolio, we will also steadily continue the asset replacement initiatives we have been pursuing. Over the three-year period from FY2026 through FY2028, we plan to replace approximately ¥1.2 trillion in assets. This is not simply intended to offset the cash outflows associated with major investments. Rather, by recovering capital from businesses with low profitability or growth potential, we will accelerate portfolio renewal and reallocate management resources to areas with greater growth potential.

Q5. How will the Digital & AI Strategy (DAIS) strengthen the Group's earning power?

As its name suggests, DAIS is the acronym for the Group's Digital & AI Strategy. It is a growth strategy for leveraging digital technologies and AI across all of our businesses to build new value creation models and lead the social and industrial transformation.

DAIS is built on three strategic pillars. Pillar 1 is the growth of SCSK itself. As its parent company, we will support SCSK's self-directed sustainable growth. SCSK's strength lies in its ability to provide end-to-end IT services, from system development to network and other IT infrastructure. By leveraging these strengths to further enhance its growth potential, while accelerating the shift to an AI-driven business and evolving toward an offering-based business model, SCSK aims to double profit from the FY2025 level in FY2030 while achieving an operating profit margin of 15% or higher. Pillar 2 is the growth of the Sumitomo Corporation Group. By deploying digital technologies and AI across our business operations, we will improve ROIC through both sales growth and cost reductions. Pillar 3 focuses on growth through collaboration between Sumitomo Corporation and SCSK.

My message to SCSK is simple: "Rather than having the Sumitomo Corporation Group make use of SCSK, I want SCSK to make full use of the Sumitomo Corporation Group." SCSK offers digital solutions, while the Sumitomo Corporation Group has business frontlines in which to apply them. If we can identify fundamental challenges in the frontlines, solve them using SCSK's expertise, and then scale those solutions across industries and SBUs*, we can create even greater value. Over 70 specific initiatives are already underway, including AI-powered automated ordering and price optimization at Summit supermarkets, AI applications in logistics, and efforts to enhance and streamline corporate functions.

We are now in an era where failing to use AI is itself the greatest risk. Through DAIS, we will evolve into an integrated trading company that fully harnesses digital technologies and AI to generate earnings. However, what I focus on with DAIS is not simply deploying technologies. It calls for us to redefine the value customers truly seek, convert tacit knowledge into explicit and organizational knowledge, and create new value by addressing fundamental challenges. Our people are uniquely positioned to identify these challenges because of their hands-on experience in running businesses. We will arm them with SCSK's expertise for deployment across our businesses. This is where our unique competitive advantage lies.

By pursuing the growth of SCSK, the growth of the Sumitomo Corporation Group, and growth through collaboration between the two as an integrated strategy, we aim to achieve our target of raising Group-wide ROIC by 1.0 percentage point through DAIS by FY2030, thereby further strengthening the Group's earning power.

* SBUs: Strategic business units

Message from President and CEO

Q6. How are you responding to the current rise in geopolitical risks?

As I mentioned earlier, the business environment is changing at an unprecedented pace, driven by the emergence of geopolitical and related risks, advances in AI, and other factors. In recent years, geopolitical risks have been on the rise around the world—due to political upheavals, conflict outbreaks, and the like—and these risks are affecting corporate activities. Against this backdrop, it is increasingly important to appropriately analyze and respond to a diverse range of risks. These include macro-level political and economic developments, direct and indirect impacts on our businesses and supply chains, energy security risks, policy change risks, and regulatory trends.

To this end, we are working to strengthen our intelligence capabilities. We have stepped up information gathering and analysis by establishing a dedicated team and launching the Intelligence Council to discuss country risk and economic security–related risks.

Our aim is to identify emerging and changing risks at an early stage and analyze how they could affect our businesses and supply chains. We then consider the necessary measures and Group-wide policies, determine the appropriate course of action, and take proactive steps accordingly.

For example, the recent closure of the Strait of Hormuz has affected our trading businesses with the Middle East. On the logistics front, however, we have been working with relevant parties on various measures—such as changing ports of call, unloading cargo en route, and exploring alternative routes—and these efforts are proving effective.

Going forward, we will also focus on analyzing major risks that could have more prolonged and widespread impacts and considering appropriate responses, while carefully assessing where the opportunities and risks lie for the Company. Through these initiatives, we will strengthen our ability to address risks and enhance our resilience while creating new opportunities for growth.

Q7. How do you position sustainability within the Group's growth strategy?

Sustainability is a source of competitive advantage that underpins medium- to long-term growth in corporate value. Without conserving and restoring the global environment and natural capital, and without respect for human rights, neither human activity nor corporate growth and value creation can be sustained. That is precisely why we have not wavered from our goal of achieving carbon neutrality by 2050.

At the same time, we must pursue a realistic transition toward 2050 in stages, taking into account economic conditions in each country, technological maturity, economic viability, energy security, and rising geopolitical risks. To do so, we need the ability to interpret regional needs and determine where the opportunities and risks lie.

The pace and path toward decarbonization vary from region to region. That is why, rather than imposing a single solution, we must provide practical solutions tailored to the conditions of each country and region in order to accelerate progress toward decarbonization. Given growing concerns about energy security, I believe that local production and consumption of energy will become an even more important concept than ever before. The Group is engaged in renewable energy businesses around the world, including offshore wind power generation in Europe, geothermal and waste-to-energy power generation in Asia, and solar and wind power generation in India. By leveraging the expertise we have accumulated through these businesses, we will help achieve both stable energy supplies and decarbonization in each country.

Sumitomo's Business Philosophy of "Benefit for self and others, private and public interests are one and the same" embodies the idea that our businesses should benefit both ourselves and society. Here, our aim is to transform sustainability into a competitive advantage and create economic value through socially meaningful business activities. We will continue to make this approach the cornerstone of growth that is unique to the Sumitomo Corporation Group. Businesses that contribute to sustainability might appear to involve costs or risks in the short term. Over the medium to long term, however, businesses that fulfill their social responsibilities and are valued by society will ultimately be the strongest. Enhancing both social and economic value is the key to achieving sustainable growth for the Group.

Message from President and CEO

Q8. How will you evolve your people and organization as sources of competitive advantage in the AI era?

How we use AI has itself become a source of competitive advantage. AI has dramatically enhanced our ability to gather and analyze information, transforming both the quality and speed of our decision-making. However, it is ultimately people who must master AI and make the final decisions. The challenge, therefore, lies in how to combine human experience and expertise with digital technology and AI. DAIS, which I mentioned earlier, is based on this same thinking.

When it comes to AI and our people, I often say that, in the end, what matters most is the quality of our people. Specifically, this means people with the ability to build relationships of trust with business partners, engage with those around them, inspire others with a vision, and listen with empathy while understanding other people's viewpoints. I believe these uniquely human qualities will become even more important as AI continues to evolve. In the end, success in our business comes down to whether customers and partners see us as people and a company they want to work with.

Even in the age of AI, people will ultimately remain the source of our competitive advantage. To maximize our people's potential, our organization must also evolve. As I mentioned earlier, "self-direction and self-discipline" are critical to each organization. This is because people on the frontlines, who understand their businesses best, must make self-disciplined decisions and determine the best path to growth.

In FY2024, we abolished our division and product-based organization and replaced it with a strategic business unit (SBU) structure. An SBU is a business unit that operates under a unified strategy. We established a system in which SBU managers articulate their own strategies, and frontline teams can make self-disciplined decisions and execute them.

In addition to these organizational reforms, we overhauled our budgeting system in FY2025. We felt that under our previous budgeting system, achieving the budget itself had become the goal. We therefore shifted our focus from meeting the budget to achieving growth. Through these organizational and system reforms, a culture of aiming for higher levels of growth is steadily taking root across each of our organizations.

However, changing systems alone is not enough to embed this mindset throughout our organizations. I continue to host SHINGO CAFÉ, which I mentioned earlier, as a way of communicating my own thinking directly to employees. In July 2026, we held the 80th SHINGO CAFÉ. At these sessions, I engage with employees as equals and share my thoughts in response to their questions and suggestions. Participants often say things like, "Now I understand what that part of the medium-term management plan really meant. It makes sense to me now." Simply communicating a strategy down through the chain of command does not convey its true intent. I believe a strategy only becomes an organizational strength once people truly understand it and put it into practice in the field. Through this ongoing dialogue, we will evolve into an organization where every individual thinks autonomously and continually takes on new challenges.

Q9. Finally, could you tell us about your commitment to sustainably enhancing corporate value?

The Sumitomo Corporation Group is supported by a diverse range of stakeholders around the world. That is precisely why we will continue engaging in dialogue with them. We aim to strike a balance between growth investments, shareholder returns, and financial soundness, while pursuing both social and economic value as we steadily deliver profit growth and improve capital efficiency.

During a recent conversation with Miho Takagi, a former Japanese national speed skater, I was particularly struck by her words: "Standing still means going backwards." The same applies to companies. If we rest on our past successes, we will fall behind relative to others as external conditions change. I believe that people and organizations that continually take on new challenges rather than standing still will enable us to become "No. 1 in Each Field."

Medium-Term Management Plan 2026 is merely a milestone on our growth journey. The Sumitomo Corporation Group will continue undergoing transformation as it strives to become "No. 1 in Each Field" and achieve sustainable growth in corporate value. We are committed to realizing our corporate message, "Enriching lives and the world."

Roundtable Discussion among Outside Directors

From Transformation to Results and On to Future Growth

Questioning the effectiveness of our business portfolio transformation and governance

As we enter the final year of Medium-Term Management Plan 2026, our business portfolio transformation and governance reforms are advancing to the next stage. Will these transformations lead to sustained enhancement of corporate value, and not end as short-lived initiatives? In this section, we invited two Outside Directors to discuss their assessment of the reforms to date, the challenges ahead, and the role of the Board of Directors in shaping the next medium-term management plan.

Nana Otsuki
Outside Director
Outside Director since June 2024. Has extensive experience in financial and capital market analysis and corporate governance, and has served as a university professor and an outside officer of listed companies. Leverages her extensive expertise in market analysis and corporate finance to supervise management from a capital markets perspective, with a focus on enhancing corporate value and strengthening governance.

Haruyasu Asakura
Outside Director
Outside Director since June 2024. Has extensive experience in the private equity industry, with a long track record in corporate investment, M&As, post-merger integration (PMI), and corporate value enhancement. Leverages his expertise in investment and capital policy, as well as business portfolio strategy, to supervise management with a focus on enhancing the Company's corporate value.

Nana Otsuki, Outside Director (left) / Haruyasu Asakura, Outside Director (right)

Sumitomo Corporation Group's current position and challenges ahead

Asakura: Since joining the Board two years ago, I have seen the executive management team engage in highly rigorous discussions on our business portfolio and the framework for evaluating each business. Recently announced initiatives—including our decision to divest the Ambatovy nickel project and make major investments in SCSK and Sumisho Air Lease—are the results of our steady business portfolio transformation. At the same time, the key is to maintain this momentum. With this in mind, the executive side is strongly determined to continue taking proactive steps forward, rather than rest on its achievements. I believe we need to embed the principles of becoming "No. 1 in Each Field" and "Growth leveraged by strengths" throughout our organization, so that today's transformation leads to sustained growth.

Otsuki: In addition to major M&As and asset replacements, our transition to a Company with an Audit & Supervisory Committee has been a significant development over the past two years. With greater authority delegated to the executive side, a more focused Board agenda, and more time for in-depth discussion, I believe the transition is now delivering outcomes. I also feel that the executive side's commitment and determination—both essential to achieving sustained growth—has grown even stronger.

Asakura: Over the past two years, the President has consistently communicated his strategic direction of becoming "No. 1 in Each Field" and achieving "Growth leveraged by strengths." He has also conveyed this message directly to employees through initiatives like SHINGO CAFÉ, which contributes to a sense of unity and momentum within our organization. The transition has also clarified the division of responsibilities between execution and supervision. In addition, I have observed active discussions at Management Council meetings, where participants engage with a strong sense of ownership that goes beyond the interests of their individual organizations. Going forward, we need to ensure that these changes do not remain temporary, but instead become embedded in a corporate culture that empowers people to make autonomous decisions and embrace new challenges.

Otsuki: I also believe the President's unwavering commitment to growth has steadily taken root throughout our organization. The Board continuously monitors where each business is positioned within our four-category portfolio framework and how it is progressing toward its strategic objectives. On the other hand, the most important thing going forward is whether each business can evolve into one where people on the front lines think independently and drive the business with autonomy and agility. How we cultivate this level of organizational self-direction will be a key challenge as we enter our next stage of growth.

Business portfolio transformation and growth investments

Asakura: The key to transforming our business portfolio lies in determining which assets we should select for replacement. Acquiring a business is never easy, but divesting it at the right

Roundtable Discussion among Outside Directors

time is even more difficult. In that sense, the steady progress made during FY2024 and FY2025 in evaluating all options and taking the necessary actions with respect to the Ambatovy nickel project was instrumental in enabling our growth investments in FY2025. When it comes to investments, I place particular importance on PMI. By making SCSK a wholly owned subsidiary, for example, we are not only monitoring whether co-creation is proceeding as planned, but we also have high upside expectations—namely, what new synergies and growth opportunities this will generate across the entire Sumitomo Corporation Group. We will closely monitor this matter at the Board. Our investment in Sumisho Air Lease is another strategic investment that leverages the Group's strengths. It also marks an important new framework for collaboration with leading U.S. investment funds. We will continue monitoring its PMI closely while ensuring that it delivers improved corporate value over the medium to long term.

Otsuki: In addition to balancing risk and return, the success of business portfolio transformation depends on the time frame over which those returns are realized. We have announced a plan to double SCSK's operating profit by FY2030 and will monitor its progress against this time frame. From the perspective of investment timing, there were concerns that a large-scale investment in SCSK, following the one in Sumisho Air Lease, could have a negative impact on our financial soundness in the short term, and we discussed this point thoroughly as well. An alternative would have been to spread out the timing of investments. Based on our business model as an integrated trading company, however, we must make flexible decisions without missing growth opportunities. Although our net debt-to-equity ratio might increase temporarily as a result, this is not because we have compromised our commitment to financial soundness, but rather because we prioritized the sustainable enhancement of corporate value. That said, executing the growth strategy through collaboration with SCSK is the responsibility of the executive side. Accordingly, we will closely monitor not only the progress of the integration but also whether it is expanding SCSK's growth opportunities, generating synergies across the Sumitomo Corporation Group, and ultimately strengthening the Group's overall competitiveness.

Asakura: I see integrated trading companies as large investment companies distinguished by the strength of their balance sheets and their PMI capabilities. Driving business portfolio transformation through asset replacement requires ongoing efforts to maximize the value of every business and operating company in the portfolio. Equally important is to continually reassess whether we remain the "best owner" of each business. Having resolved our major legacy issues and reduced our cost of capital, we have entered a new phase where we can appropriately take on risk in businesses with competitive strengths. As we look toward the next medium-term management plan, we are steadily building the foundation to pursue a more ambitious growth strategy while earning investor confidence, I feel.

Otsuki: The Group has clearly signaled its intention to strengthen its focus on digital, AI, and systems businesses. In pursuing its vision of becoming "No. 1 in Each Field," however, we must aspire to be No. 1 not only among trading companies, but also to compete head-to-head with leading specialist system integrators, AI companies, and other leading players in their respective industries. The Group is pursuing a sharply focused strategy, including the allocation of management resources to priority fields centered on its eight growth areas. At the same time, external conditions—including interest rates, market dynamics, and technological innovation—are constantly evolving, and what constitutes competitive strengths also continues to change. That is why, as an Outside Director, I believe we must continually challenge whether the assumptions underpinning the Group's strategy of "Growth leveraged by strengths" remain valid as the business environment changes, while continuing to engage in constructive dialogue with the executive side. I believe that, right now, investors are most interested in the effectiveness of cash and capital allocation. While I believe the market has responded positively overall to the two major investments, the real test lies in what comes next. Can the Group continue to generate strong cash flows, steadily transform its business portfolio through asset replacement, and sustain annual growth investments of ¥400.0 billion–¥500.0 billion? Such an execution capability will be the key determinant of the Group's future corporate value. We are now entering a phase where our true strengths will be tested. As an Outside Director, I will rigorously monitor whether major investments lead to medium- to long-term growth—rather than resulting in merely short-term gains—on behalf of shareholders.

Lessons learned from the Ambatovy nickel project

Asakura: In the investment world, everything done in the past is a sunk cost. Even under challenging circumstances, we will continue to enhance value with an eye toward the future and transfer ownership to a "better owner" at the right timing. Building an exit strategy into every investment is the top priority of portfolio management. It is only after experiencing an exit that important lessons emerge. By systematically reviewing those lessons and reflecting them in subsequent investment decisions, the Group can enhance its investment capabilities. In that sense, executing the divestment of the Ambatovy nickel project all the way through has provided the Group with valuable insights and greater confidence for the future.

Otsuki: The Ambatovy nickel project has been reviewed at every major milestone, and the lessons learned have been

Roundtable Discussion among Outside Directors

systematically embedded into the Group's investment discipline. One of the requests from Outside Directors was to reorganize the Company's internally shared case studies of past investment failures to make them more accessible to Outside Directors. At the same time, there are still issues that require improvements. For example, a certain number of our businesses have ROIC below WACC, and determining how closely the Board should monitor them is an ongoing challenge. We need to strike a balance between effective monitoring and appropriate delegation of authority to the executive side. I also believe we need to further strengthen our framework for reviewing not only investments that were made, but also those that were forgone. We need to determine whether those decisions were appropriate and to reflect on them from the perspective of lost profits.

Asakura: The fundamental objective of monitoring is to verify whether an investment is progressing in line with the assumptions made at the time the investment decision was taken. To dynamically transform our business portfolio, however, we must conduct multifaceted hypothesis testing that anticipates changes in underlying markets and business environments themselves. Although it is a challenging undertaking, I believe we need to further strengthen this perspective going forward. Furthermore, it is also important to determine in advance the limits of our balance-sheet resilience under "worst-case" scenarios that take into account geopolitical risks and other factors.

Otsuki: I agree. In addition to uncertainties like geopolitical and economic security risks, we need to evaluate from multiple perspectives how rising interest rates could affect funding costs, WACC, and demand for the Company's products and services. I believe risk management will increasingly require us to envision wide-ranging potential crisis scenarios and further enhance our stress testing accordingly.

Our next stage of growth

Asakura: For listed companies, asset mobilizing is a fundamental principle. It is only natural for the Group to expand and strengthen its asset-turnover businesses—such as leasing and real estate—which generate earnings by mobilizing assets, while continuing to reshape its portfolio through long-term asset replacement. I find it reassuring that our management team is committed to this approach. Investing with an exit strategy in mind ultimately gives management more options. The key is to have a broad range of options—whether to divest, continue holding, or make additional investments. To achieve this, we need to earn the trust of a wide range of stakeholders. Accordingly, we must continue to enhance our market valuation by presenting concrete, quantifiable results.

Otsuki: In my view, the integrated trading company business model has shifted from a focus on trading to one centered on investments. Moreover, such investments are now in a transitional period, moving from an income-centered model to one that aims for total returns, including exit strategies. Since investment time frames vary depending on the business, it's quite difficult to maximize total returns at any given point in time. Furthermore, each M&A involves another party, so it is essential to enhance management and risk management functions during the PMI process. When it comes to divesting, moreover, the decision-making process is more complex than with investing, because we have the discretion to determine the timing and terms ourselves. A key challenge moving forward is how to establish an effective monitoring system for these business acquisitions and divestitures.

Asakura: Discussions on our next medium-term management plan are about to start in earnest, and I would like to make sure we thoroughly explore the issue of capital allocation. What is the direction of our business portfolio transformation, and how will we determine the appropriate levels of leverage and shareholder returns based on that? I hope this medium-term management plan will demonstrate the Group's self-directed resolve, rather than simply being viewed in the context of general trading companies.

Otsuki: I believe our medium-term management plan is key to facilitating concrete dialogue with investors. At the same time, I would like to see it formulated only after we have deepened our discussion about our long-term aspirations and the direction we should take.

Asakura: The Board engages in constructive and candid discussions, actively incorporating the views of Outside Directors. Supported by such an effective governance framework, we remain focused on enhancing corporate value over the long term—five or even 10 years ahead—without being unduly influenced by short-term market fluctuations. As an Outside Director, I intend to fulfill my role by supervising management from a medium- to long-term perspective, ensuring that we remain a company that shareholders regard as one "worth holding for the long term."

Otsuki: Over the past two years, the Group has steadily implemented transformations in various areas, including its business portfolio, governance, and investment discipline. It is precisely because of our past failures that we have achieved something different from other companies. Building on those lessons, we have steadily made the changes that truly matter. Going forward, our priority will be to deliver tangible results. As Outside Directors, we will continue to support the executive side's pursuit of new challenges while rigorously monitoring the outcomes on behalf of the shareholders and other investors who have entrusted us. Going forward, we hope you, our shareholders and investors, will take a forward-looking perspective in observing the results of the Group's transformation and future growth.