Summary of CFO Presentation at Results Briefing for the Nine-Month Period Ended December 31, 2020 (February 3, 2021)

Consolidated Statements of Profit or Loss

Revenue was down ¥158.9 billion year on year, to ¥1,159.7 billion. Factors behind this decline included decreases in the revenue of the Chemicals Division, which was adversely impacted by the drops in the prices of methanol and the declines in plastic resin transaction volumes seen centered on Southeast Asia in the six-month period ended September 30, 2020; the Automotive Division, in which the third-quarter recovery in automobile sales was unable to compensate for the six-month declines; and the Retail & Lifestyle Business Division, which was heavily impacted by the global COVID-19 pandemic.

Gross profit decreased ¥26.9 billion year on year, to ¥132.5 billion, representing progress of 66% toward the full-year forecast. This decrease was in part a result of reduced profit in the Metals & Mineral Resources Division, which was impacted by declines in coal prices and sales volumes and by large reductions in profits stemming from sales of coal interests conducted in previous equivalent period. Another factor was the large decreases in profits seen in the Automotive Division and the Chemicals Division.

SG&A decreased ¥10.4 billion year on year, to ¥119.5 billion. The Company intends to pursue decreases in expenses that exceed the initially planned reduction of ¥8.0 billion.

Net other income was ¥6.0 billion due to the recording of gains on sales of assets held by associates along with the gains on transference of certain U.S. natural gas-fired power businesses.

Net financial costs were up ¥0.3 billion year on year, to ¥2.8 billion, as financial income decreased due to a reduction in dividends received, which offset a ¥1.2 billion year-on-year decrease in net interest expenses, to ¥4.9 billion.

Share of profit of investments accounted for using the equity method was down ¥10.6 billion year on year, to ¥7.9 billion, primarily as a result of a massive decrease in profit from a steel product operating company.

Profit before tax was down ¥22.7 billion year on year, to ¥24.1 billion, and profit for the period was ¥18.7 billion after taking into account income tax expenses.

Profit for the period attributable to owners of the Company decreased ¥20.8 billion year on year, to ¥16.7 billion. This figured represented progress of 56% toward the full-year forecast of ¥30.0 billion.

Consolidated Statements of Financial Position

Total assets on December 31, 2020, stood at ¥2,203.4 billion, down ¥26.9 billion from March 31, 2020.

Total liabilities at December 31, 2020, amounted to ¥1,585.8 billion, down ¥22.6 billion from March 31, 2020, as a result of the repayment of interest-bearing debt.

Total equity attributable to owners of the Company was ¥578.7 billion on December 31, 2020, relatively unchanged from March 31, 2020.

The net debt equity ratio was 1.00 times on December 31, 2020, a decrease of 0.06 times attributable to the repayment of interest-bearing debt.

Consolidated Statements of Cash Flows
Net cash provided by operating activities was ¥81.5 billion.

Net cash used in investing activities was ¥20.2 billion as a total of ¥47.0 billion worth of new investments and loans was conducted during the nine-month period ended December 31, 2020.

Free cash flow was a positive ¥61.3 billion.

Core operating cash flow and core cash flow were both in the positive.

Performance by Divisions
Explanations are only provided for those divisions for which full-year forecasts were revised or in which progress toward full-year forecasts was low in the nine-month period ended December 31, 2020.

In the Automotive Division, loss for the period attributable to owners of the Company of ¥0.4 billion was recorded in the nine-month period ended December 31, 2020, a significant divergence from the full-year forecast for profit for the year attributable to owners of the Company of ¥1.0 billion. This outcome was largely a result of the halts to the operation of sales bases seen around the world due to the lockdowns that occurred during the first quarter. However, signs of recovery in Thailand, Puerto Rico, and the Americas emerged during the latter half of the second quarter. Operations in these areas became the central proponents of performance in the third quarter, leading to a massive increase of ¥1.2 billion in third-quarter profit for the period attributable to owners of the Company. It is therefore entirely possible for this division to achieve its full-year forecast for profit for the year attributable to owners of the Company of ¥1.0 billion as these operations are expected to continue to drive performance in the fourth quarter, generating profits similar to those seen in the third quarter.

In the Aerospace & Transportation Project Division, loss for the period attributable to owners of the Company of ¥0.1 billion was recorded in the nine-month period ended December 31, 2020, creating a large gap between the full-year forecast for profit for the year attributable to owners of the Company of ¥5.0 billion. The operating environment for this division is incredibly challenging as the demand is almost non-existent due to the restrictions on international travel imposed around the world. Looking exclusively at the fourth quarter, earnings are anticipated to be generated centered on defense system-related transactions, the resumed construction of the freight railroad in India, business jet operations, and subsidiaries dealing in vessel machinery. In addition, initiatives will continue to be implemented to bring to fruition the large-scale projects explained at the financial results briefing for the six-month period ended September 30, 2020, for which negotiations are currently underway.

In the Machinery & Medical Infrastructure Division, profit for the period attributable to owners of the Company of ¥3.4 billion was recorded in the nine-month period ended December 31, 2020. The full-year forecast for profit for the year attributable to owners of the Company in this segment was raised from ¥4.5 billion to ¥5.0 billion. This decision was made to reflect the stable earnings from the public-private partnership hospital management project in Turkey as well as the rising performance at industrial machinery companies witnessed against the backdrop of favorable investment trends pertaining to smartphone-related equipment.

In the Energy & Social Infrastructure Division, profit for the period attributable to owners of the Company of ¥2.2 billion was recorded in the nine-month period ended December 31, 2020. The full-year forecast for profit for the year attributable to owners of the Company in this segment was raised from ¥3.5 billion to ¥4.5 billion out of consideration for the earnings anticipated to be produced by overseas renewable energy operations as well as by energy-related companies.

In the Metals & Mineral Resources Division, loss for the period attributable to owners of the Company of ¥2.4 billion was recorded in the nine-month period ended December 31, 2020. The full-year forecast for profit for the year attributable to owners of the Company in this segment was lowered from ¥13.0 billion to ¥3.0 billion after the first quarter. Factors behind this downward revision included the drop in the price of coal and the depression in the steel product market resulted from the lockdowns instituted around the world. The price of coal has recently shown significant improvement. However, it has still been judged that it will be difficult to accomplish the revised forecast for profit for the year attributable to owners of the Company of ¥3.0 billion due to the heavy impacts of the embargo on Australian coal instituted by China. The full-year forecast for profit for the year attributable to owners of the Company has thus been lowered to ¥1.0 billion.

In the Chemicals Division, profit for the period attributable to owners of the Company of ¥3.7 billion was recorded in the nine-month period ended December 31, 2020, which represented progress of 74% toward the full-year forecast for profit for the year attributable to owners of the Company. This strong progress can be attributed to higher demand for plastic resin materials stemming from the quick recovery of China's manufacturing industry and the improvements in the price of methanol seen beginning in the second quarter, factors that compensated for the slow progress in the first quarter of the fiscal year. The full-year forecast for profit for the year attributable to owners of the Company in this division was raised from ¥5.0 billion to ¥5.5 billion in reflection of such trends.

No explanation will be provided for the Foods & Agriculture Business Division, the Retail & Lifestyle Business Division, and the Industrial Infrastructure & Urban

Development Division as performance in these segments was generally in line with forecasts.