Summary of CFO Presentation at Results Briefing for the Three-Month Period Ended June 30, 2021 (August 3, 2021)

Performance in the Three-Month Period Ended June 30, 2021

Consolidated Statements of Profit or Loss

Revenue was up ¥143.5 billion year on year, to ¥492.8 billion, on a consolidated basis. Revenue in the Metals, Mineral Resources & Recycling Division increased ¥45.0 billion, to ¥124.1 billion, due to higher prices and transaction volumes for coal and nonferrous metals. Revenue in Chemicals Division was up ¥42.1 billion, to ¥133.7 billion, following growth in plastic resin transactions in Asia as well as higher prices and transaction volumes in the division's mainstay methanol operations. Revenue in the Automotive Division rose ¥33.7 billion to ¥56.9 billion because of the rebound from the impacts of lockdowns on overseas automotive businesses in the previous equivalent period. These divisions were major contributors to the increase in consolidated revenue.

Gross profit rose ¥17.4 billion year on year, to ¥56.4 billion, because of the large contributions of the aforementioned three divisions that drove increases in revenue.

Selling, general and administrative expenses were up ¥3.0 billion year on year, to ¥41.8 billion. Factors behind this increase included higher expenses associated with newly consolidated subsidiaries and transaction growth as well as a rise in cost of equipment primarily attributable to due diligence costs related to new investments.

Net other income amounted to ¥1.1 billion. Other income and expenses were almost non-existent in the three-month period ended June 30, 2021. Accordingly, the main factors behind this outcome were a gain on transference of a machinery-related subsidiary and valuation gains on foreign exchange positions.

The net of financial income was ¥0.0 billion. Net interest costs were down ¥0.8 billion, to ¥1.2 billion, while dividends received was relatively unchanged year on year at ¥1.2 billion.

Share of profit of investments accounted for using the equity method was up ¥5.8 billion year on year, to ¥7.5 billion, due to a significant increase in earnings from steel business companies.

Profit before tax was ¥23.2 billion and **profit for the period** amounted to ¥18.0 billion after deducting income tax expenses. **Profit for the period attributable to owners of the Company** increased ¥14.5 billion year on year, to ¥16.9 billion. This figured represented progress of 32% toward the full-year forecast for profit for the year attributable to owners of the Company of ¥53.0 billion.

Consolidated Statements of Financial Position

Total assets on June 30, 2021, stood at ¥2,449.4 billion, up ¥149.3 billion from March 31, 2021. This increase was largely due to higher trade and other receivables and inventories as well as new investments.

Total liabilities at June 30, 2021, amounted to ¥1,769.6 billion, up ¥124.0 billion from March 31, 2021.

Total equity attributable to owners of the Company was ¥645.2 billion on June 30, 2021, up ¥26.2 billion from March 31, 2021. Treasury stock acquisitions and dividends paid resulted in a decrease in equity of ¥11.6 billion, but this decrease was offset by a rise in net assets attributable to increases in profit for the period and other components of equity.

The **net debt equity ratio** was 1.08 times on June 30, 2021, an increase of 0.09 times for March 31, 2021, as the rise in net interest-bearing debt exceeded the grow in total equity attributable to owners of the Company.

Consolidated Statements of Cash Flows

Net cash used in operating activities was ¥18.8 billion, despite the recording of a positive core operating cash flow of ¥26.6 billion, due to an increase in working capital.

Net cash used in investing activities was ¥42.5 billion as a result of conducting new investments and loans.

Free cash flow was a positive ¥61.3 billion.

Core cash flow was a negative ¥11.1 billion due to the issuance of ¥11.6 billion worth of shareholder returns.

Performance by Division

In the **Automotive Division**, profit for the period attributable to owners of the Company was ¥1.1 billion, compared with loss for the period attributable to owners of the Company of ¥1.8 billion in the previous equivalent period, as a result of the rebound from the massive decrease in profit seen in the three-month period ended June 30, 2020, due to the lockdowns instituted around the world. This figure represented relatively on-schedule progress of 22% toward the full-year forecast for profit for the year attributable to owners of the Company.

In the **Aerospace & Transportation Project Division**, profit for the period attributable to owners of the Company of ¥0.1 billion was recorded, whereas loss for the period attributable to owners of the Company was posted in the previous equivalent period. As stated in the comments section, this outcome was largely a result of recovery in the shipping market. However, this level of performance only represented incredibly low progress of 2% toward the full-year forecast for profit for the year attributable to owners of the Company. This low progress is due to the fact that earnings contributions from the part-out and defense-related equipment businesses are generally concentrated in the second half of the fiscal year. Accordingly, the Company still projects that its full-year forecast will be accomplished without issue.

In the **Infrastructure & Healthcare Division**, profit for the period attributable to owners of the Company was down year on year, coming to ¥0.8 billion, which represented progress of 11% toward the full-year forecast for profit for the year attributable to owners of the Company. This decrease was a result of the absence of the gain on business transference recorded in the previous equivalent period in association with the sale of power generation assets. Regardless, there is no particular concern with regard to the accomplishment of the full-year forecast for profit for the year attributable to owners of the Company of ¥7.5 billion as earnings tend to predominantly be generated in the second half of the fiscal year by LNG Japan Corporation as well as by Nissho Electronics Corporation, which serves customers whose IT investments are primarily conducted in the second half the fiscal year.

In the **Metals, Mineral Resources & Recycling Division**, profit for the period attributable to owners of the Company was ¥6.0 billion, compared with loss for the period attributable to owners of the Company of ¥2.0 billion in the previous equivalent period. Factors behind this outcome include those listed, specifically higher earnings in steel sales operations, a result of the recovery of steel demand, as well as a significant increase in profit associated with the recovery of the coal market. This figure represented incredibly favorable progress of 50% toward the full-year forecast for profit for the year attributable to owners of the Company.

In the **Chemicals Division**, profit for the period attributable to owners of the Company increased ¥4.0 billion, to ¥4.0 billion. This increase can be attributed to favorable trends in production and sales of methanol as well as impressive performance of plastic resins in Southeast Asia and of petrochemical operations in the Americas. This figure represented strong progress of 38% toward the full-year forecast for profit for the year attributable to owners of the Company.

In the **Consumer Industry & Agriculture Business Division**, profit for the period attributable to owners of the Company increased ¥0.9 billion, to ¥3.0 billion. Factors behind the strong performance in this division included increases in sales volumes in overseas fertilizer businesses as well as higher prices for timber and more beneficial market conditions for imported plywood in non-fertilizer operations. This figure represented impressive progress of 60% toward the full-year forecast for profit for the year attributable to owners of the Company.

In the **Retail & Consumer Service Division**, profit for the period attributable to owners of the Company increased ¥0.5 billion, to ¥0.6 billion due to consistent prices and higher transaction volumes for imported meat products. However, this figure represented low progress of only 12% toward the full-year forecast for profit for the year attributable to owners of the Company. Although progress was low in the three-month period ended June 30, 2021, there is no particular reason for concern with regard to the accomplishment of the full-year forecast as real estate-related operations are expected to generate earnings in the second half of the fiscal year.