

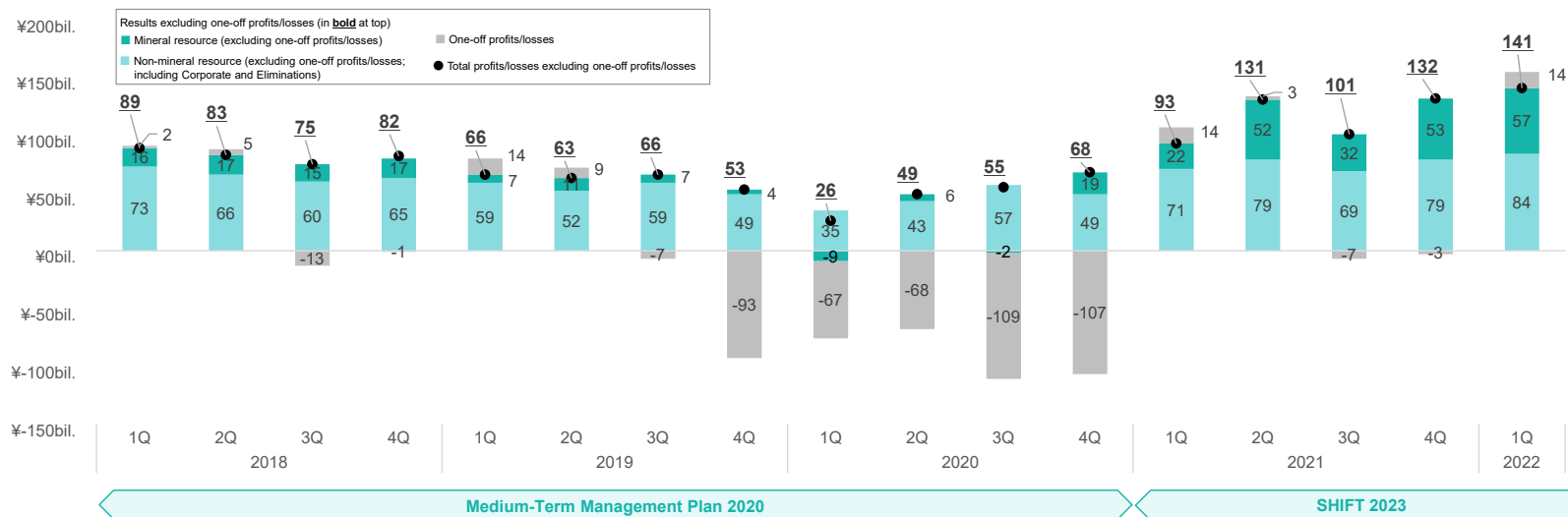
Promotion of SHIFT 2023 to Enhance Corporate Value

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Hirokazu Higashino

1. Recovery of Earning Power (Trend of Quarterly Results)

- Although there was positive impact from the external environment such as the rise in mineral resource prices, our earning power is steadily recovering, as various measure under structural reforms and turnaround for major businesses made progress.

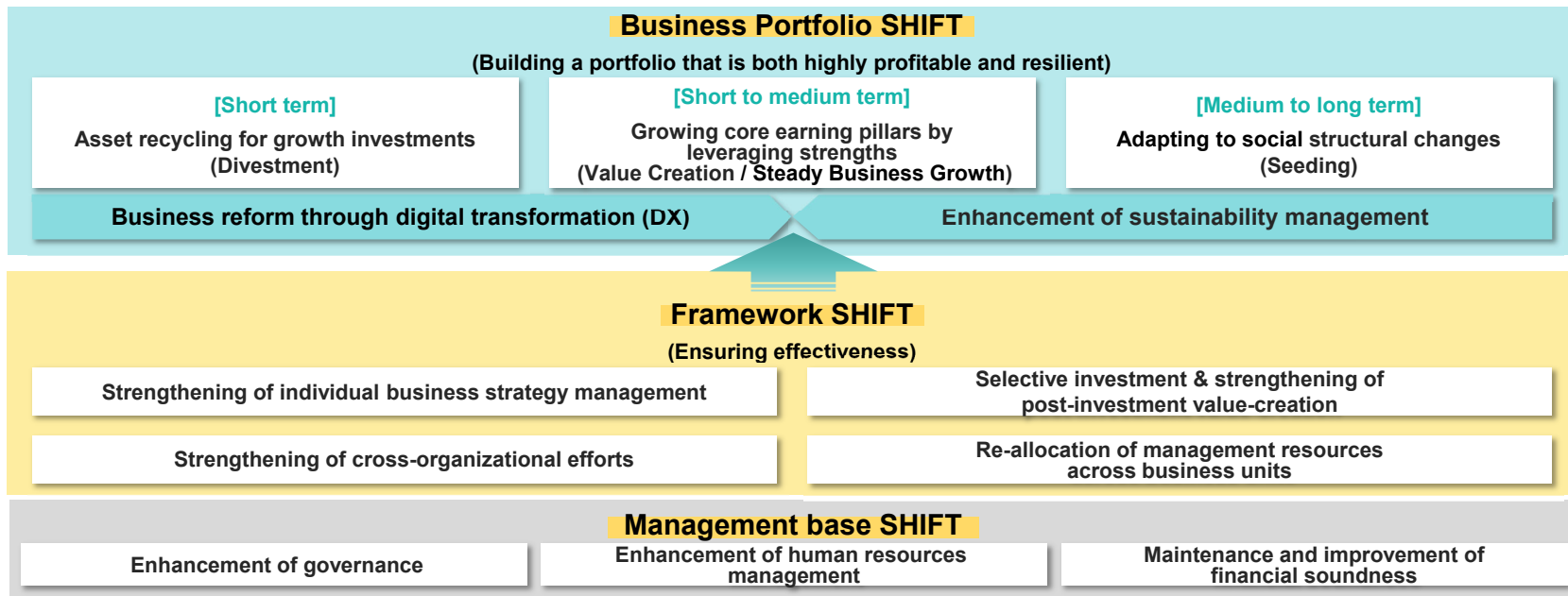
Trend of quarterly results from FY2018



* Results for each fiscal year are calculated based on the organization as of April 1, 2022

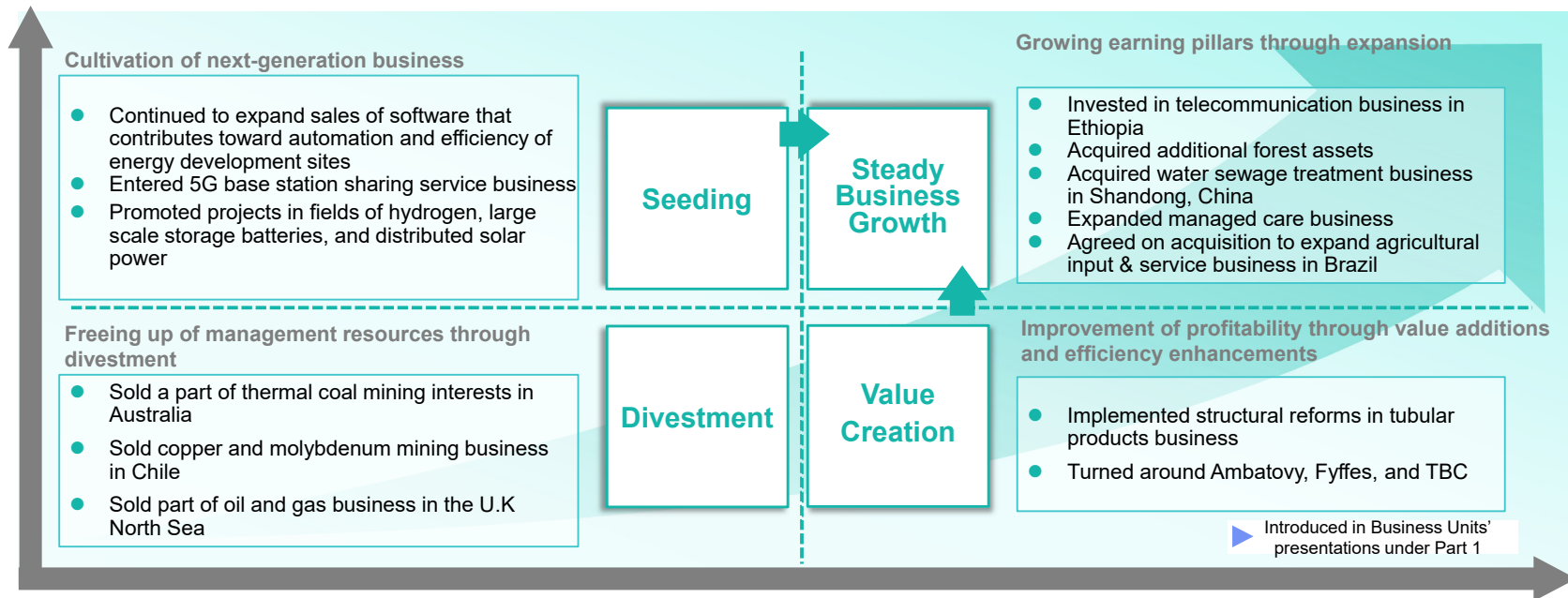
2-1. Overview of SHIFT 2023

- Having the Business Portfolio SHIFT at the core of structural reform, we are promoting Framework SHIFT that guarantees the effectiveness, and Management Base SHIFT that supports them both.
- We will continue to accelerate efforts to build a portfolio that is both highly profitable and resilient to downward pressure while allocating management resources.



2-2. Steady Progress in the Three SHIFTs (Business Portfolio SHIFT)

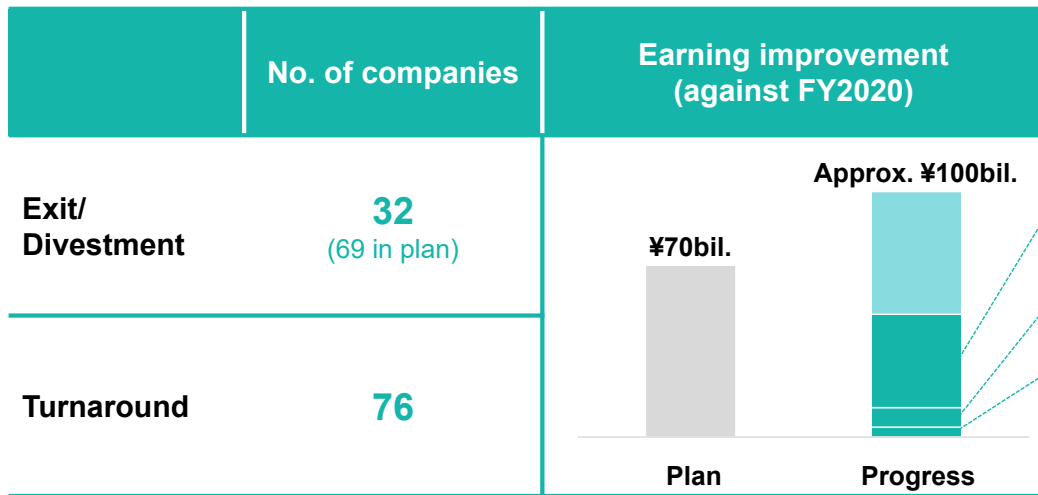
- We collected 210 billion yen in funds and made steady progress in recovering management resources to shift 280 billion yen mainly to Steady Business Growth category.



2-3. Steady Progress in the Three SHIFTs (Business Portfolio SHIFT)

- We exited from low-profitability businesses and promoted turnarounds, including businesses with challenges. Earnings improved by approximately 100 billion yen compared to FY2020.
- Results improved at major turnaround business by reviewing business strategies, management structures, and operations.

Progress of Full Potential Plan

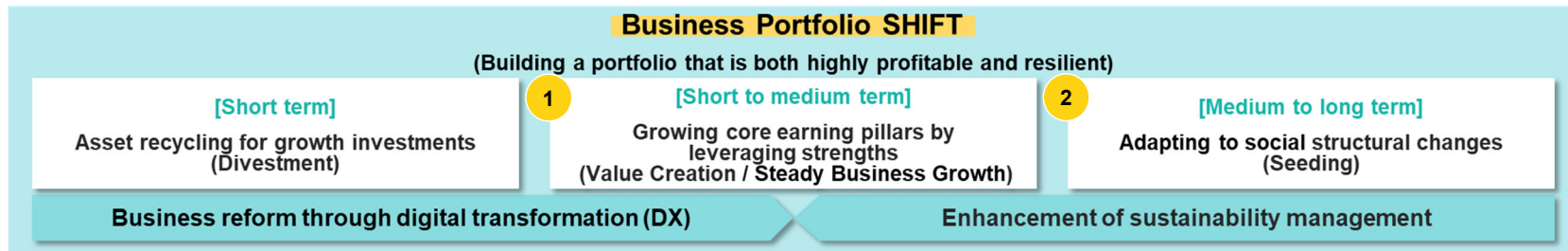


Major companies for turnaround and effect of improvement

- **Ambatovy**
Approx. ¥38bil.
 - **Fyffes**
Approx. ¥8bil.
 - **TBC**
Approx. ¥4bil.
- ▶ Introduced in Business Units' presentations under Part 1

2-4. Steady Progress in the Three SHIFTs (Business Portfolio SHIFT)

- We will promote with greater effort in strengthening earning power commensurate with invested capital and creating new core businesses that will lead the expansion of earnings in the future, in order to delivery the results as early as possible.



1 Achieve profit levels commensurate with capital costs

We are working for early realization to achieve profit levels that covers capital costs in both Steady Business Growth and Value Creation, including review of business strategies and plans. For Steady Business Growth in particular, we will accelerate the expansion of earning base by increasing investments with discipline.

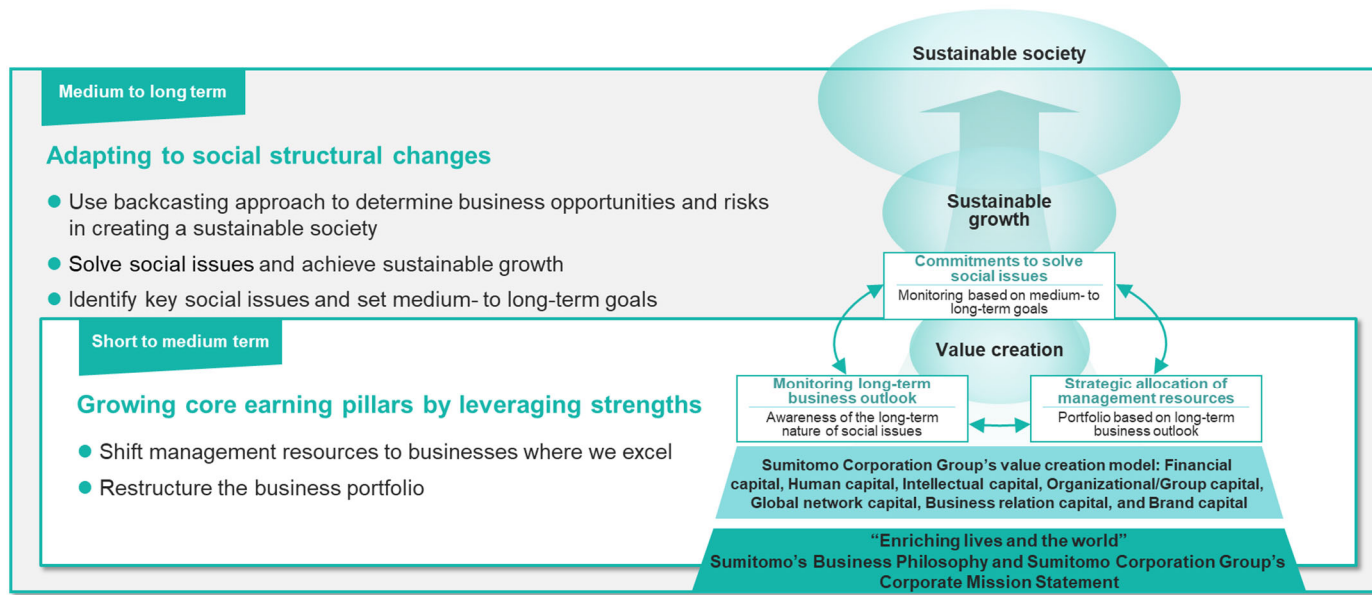
2 Develop new core businesses

With “Our strengths” and “Grand Design” as the key phrases, in addition to the efforts of the business organizations, we will develop the business in growth field by expanding the cross-organizational activities supported by the Global Innovation Promotion Committee.

3-1. Promoting Growth Strategy Centered on Sustainability Management

- We are strategically reallocating management resources, centered on enhancement of sustainability management.
- We have been incorporating long-term perspectives such as digitalization and sustainability and working on Business Portfolio SHIFT and Next-Generation Growth Field.

Pursue sustainable growth with society



3-2. Incorporating Key Social Issues and Medium/Long-term Goals into Business Strategy

- We see the social needs as business opportunities and integrate them into the growth strategies of the SBUs, and we are carrying out the monitoring using the PDCA cycle.



Specific examples

Medium-term goal	Progress
Provide services that contribute to the reduction of direct CO ₂ emissions in oil and gas drilling operations	Supported drilling automation and operational optimization in oil and gas well development by introduction of Sekal's software ▶ Introduced in Business Units' presentations under Part 1
Promote the widespread use of EVs/ PHVs/FCVs* and the development of EV infrastructure	Launched trials for EV car-sharing service for corporate clients, electric buses, and electric taxi service businesses (Japan) Invested in EV-related operator (Europe) ▶ Introduced in Business Units' presentations under Part 1
Expand high-quality social infrastructure	Increased treatment capacity by expanding water business (56% increase)
Develop telecommunications infrastructure in emerging countries and roll out various value-added services on these platforms	Commenced developing telecommunications infrastructure in Ethiopia

* EV: Electric vehicle; PHV: plug-in hybrid vehicle; FCV: fuel cell vehicle