

Opening Remarks

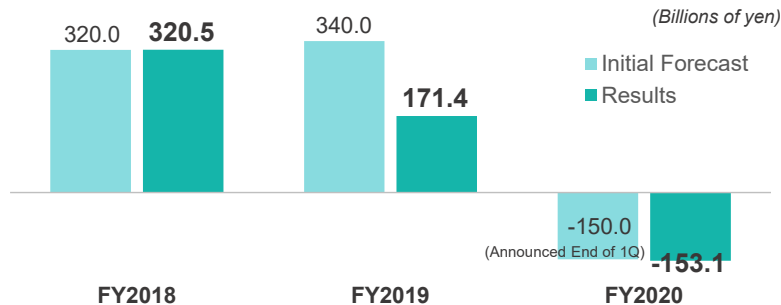
President and CEO, Masayuki Hyodo

(1) Historical Performance Review and Identification of Issues (1/3)

– Medium-term Management Plan 2020 –

- We achieved the initial forecast and record-high profits in FY2018, but fell short of the initial forecast in FY2019 due to factors including trade friction between the United States and China. In FY2020, we fell into the red as a result of recording a large one-off loss associated with restructuring of unprofitable businesses on top of the impact of COVID-19.
- Likewise, efficiency ratios exceeded the target in FY2018, but not in FY2019 or FY2020.
- As a result of enhanced cash flow management in “emergency mode”, we exceeded a post-dividend free cash flow target of ¥200 billion for the three years.

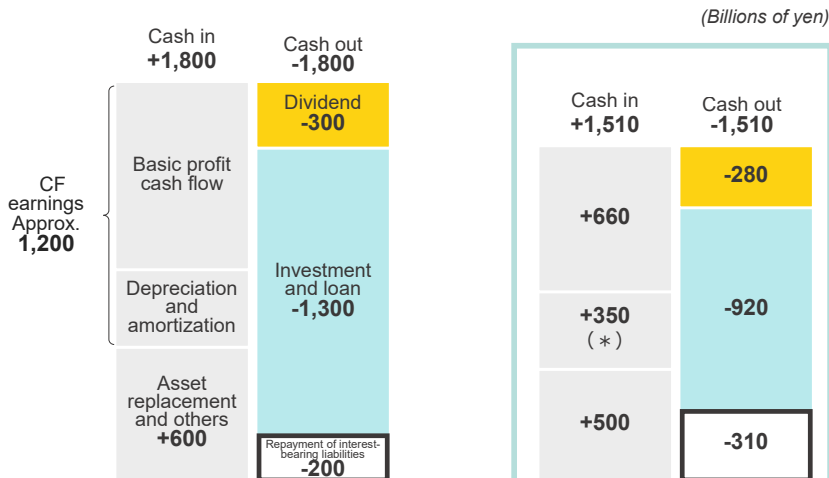
Profit (loss) for the year (attributable to owners of the parent)



Efficiency ratios

	Target	FY2018	FY2019	FY2020
ROA	4% or higher	4.1%	2.1%	-
ROE	10% or higher	12.0%	6.4%	-

Three-year total cash flow



Three-year total projection
(April 2018–March 2021)

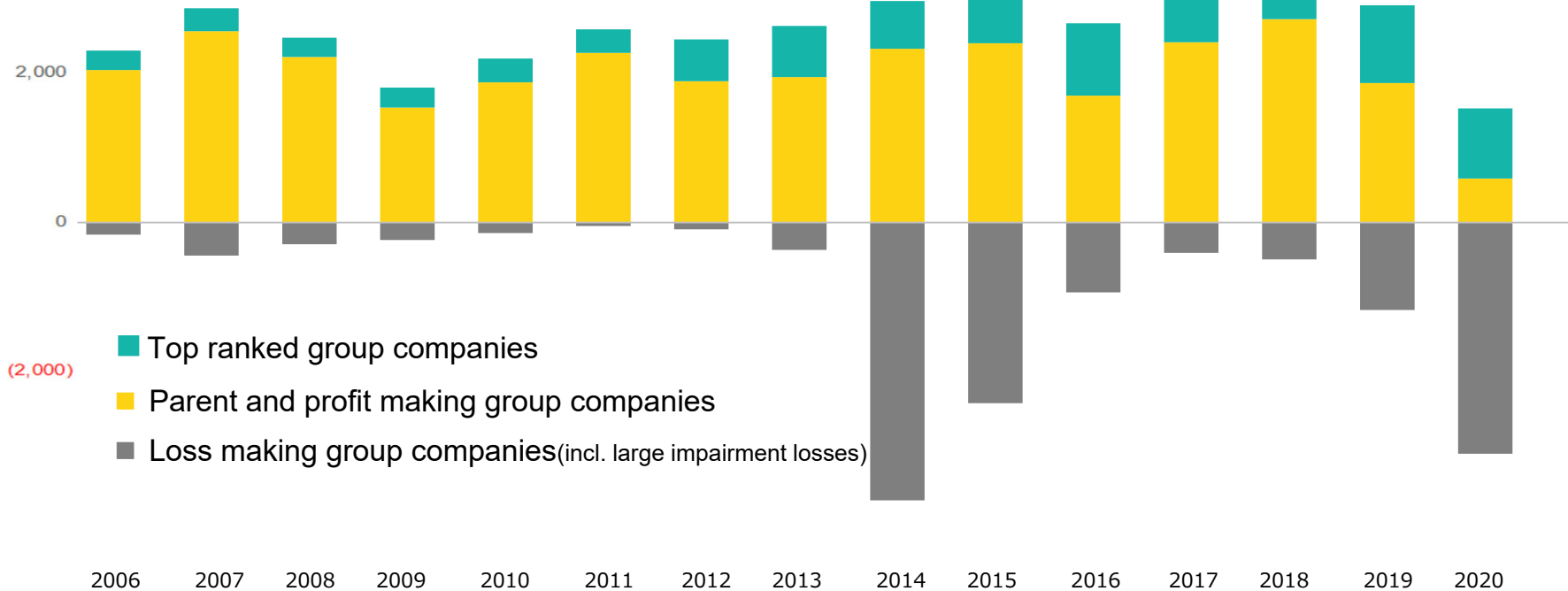
Three-year total result
(April 2018–March 2021)

* The amount of ¥50 billion has been deducted from the FY2019 and FY2020 results to reflect the increase in depreciation and amortization resulting from application of IFRS 16 “Leases.”

(1) Historical Performance Review and Identification of Issues (2/3)

– Historical Performance and Identification of Issues –

Historical Net Profit (FY2006 - FY2020)



(1) Historical Performance Review and Identification of Issues (3/3)

– Deep Diving the Issues –

Strength

**Group companies that have increased
its earnings base for past years**

Issue

**Increasing earning power and improving resiliency
of our business portfolio**



- Accelerate asset recycle
- Ensure profitability of new investments
- Grow new core businesses

Our Direction

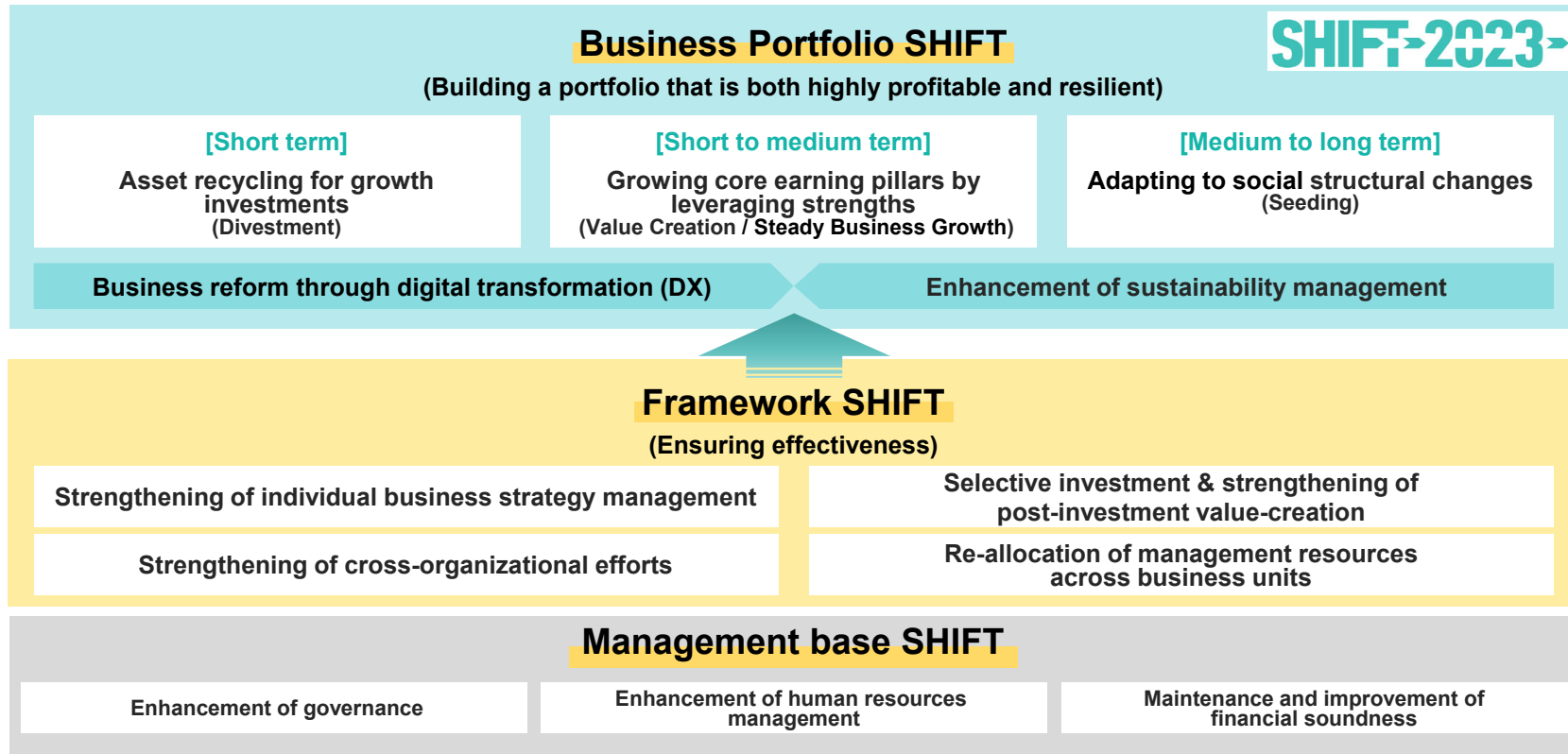


Strengthening individual business /

Allocating management resource based on each business' capability

(2) Purpose and Overview of New Medium-term Management Plan (1/2)

– Overview of the Measures –

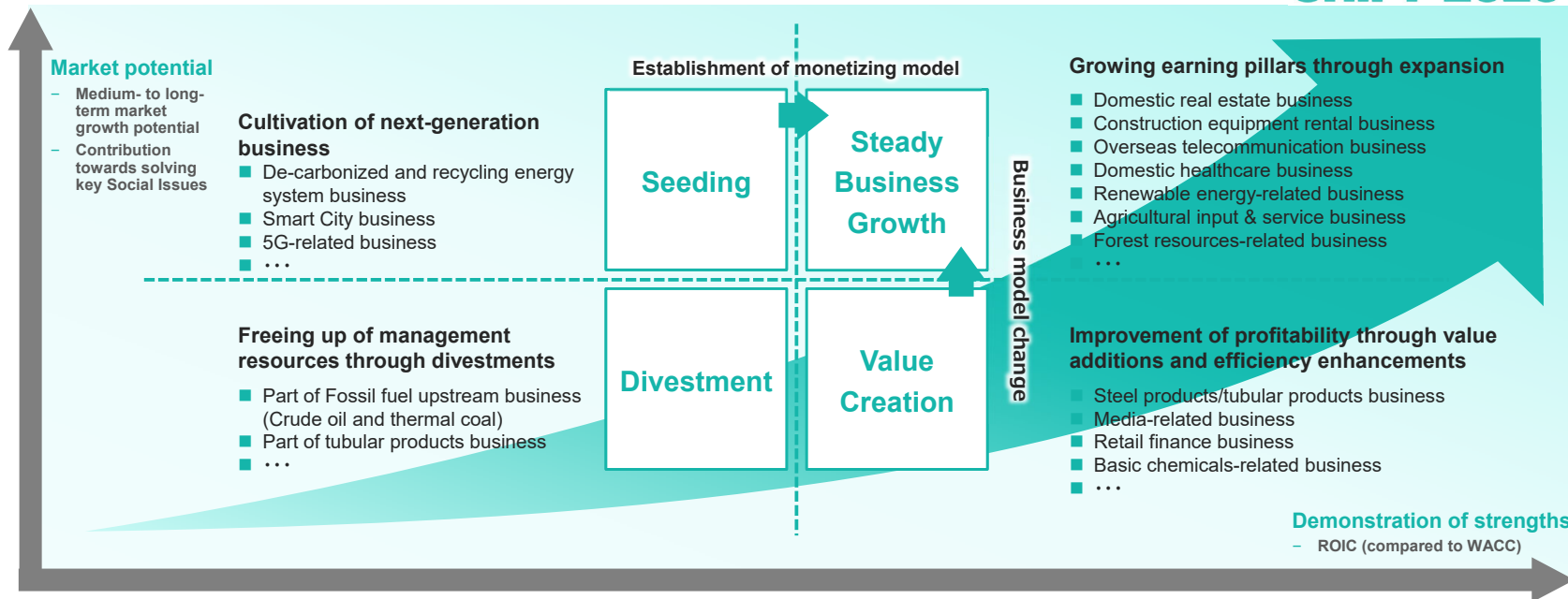


(2) Purpose and Overview of New Medium-term Management Plan (2/2)

– Direction and Strategy of Our Business Portfolio –

- Clarify positioning of individual strategic business units based on "market potential" and "our demonstration of strengths," and set relevant goals.
- Shift portfolio to potential markets where our strengths can be fully demonstrated in order to increase both profitability and resilience.

SHIFT-2023



(3) Sustainability Management

