

# Annual Results for FY2022

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May 9, 2023  
Sumitomo Corporation

Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

# 1. Summary of FY2022 Results · FY2023 Forecasts

- FY2022 Results: Profit for the year attributable to owners of the parent totaled ¥565.2 bil., record high. Further share repurchase of ¥20.0 bil. resolved against an excess over the latest profit forecasts, in addition to ¥50.0 bil. already repurchased.
- FY2023 Forecasts: Annual profit is ¥480.0 bil., and annual dividend per share is ¥120 increased by ¥5 from FY2022.

## Summary of FY2022 Results · FY2023 Forecasts

	FY2022 Results	FY2023 Forecasts
<b>Profit for the Year</b> (Attributable to Owners of the Parent)	<b>¥565.2 bil.</b> (FY2022 Forecasts(Feb. 2023) : ¥550.0 bil.)	<b>¥480.0 bil.</b>
<b>ROE</b>	<b>16.2%</b>	<b>12% or higher</b>
<b>Annual dividend per share</b>	<b>¥115</b> (interim dividend: ¥57.5 per share / year-end : ¥57.5 per share (plan))	<b>¥120</b>

### ● Additional shareholder return of FY2022

- Share repurchase of ¥50.0 bil. resolved at Q3 earnings announcements (already repurchased from Feb. 7 to Apr. 28)
- Further share repurchase of ¥20.0 bil. resolved this time (cumulative total of ¥70.0 bil.) (to be made from May 10 to Jun. 9 and cancelled all shares)

I will begin my explanation of the consolidated results immediately.

Please refer to the first page of the document. It contains a summary of the consolidated results for FY2022 and the full-year forecast for FY2023.

Profit for the year was JPY565.2 billion, marking a record high for the second consecutive fiscal year. Based on the upward revision from our most recent forecast of JPY550 billion, we have newly decided to repurchase JPY20 billion of our own shares, in addition to the additional JPY50 billion already returned to shareholders.

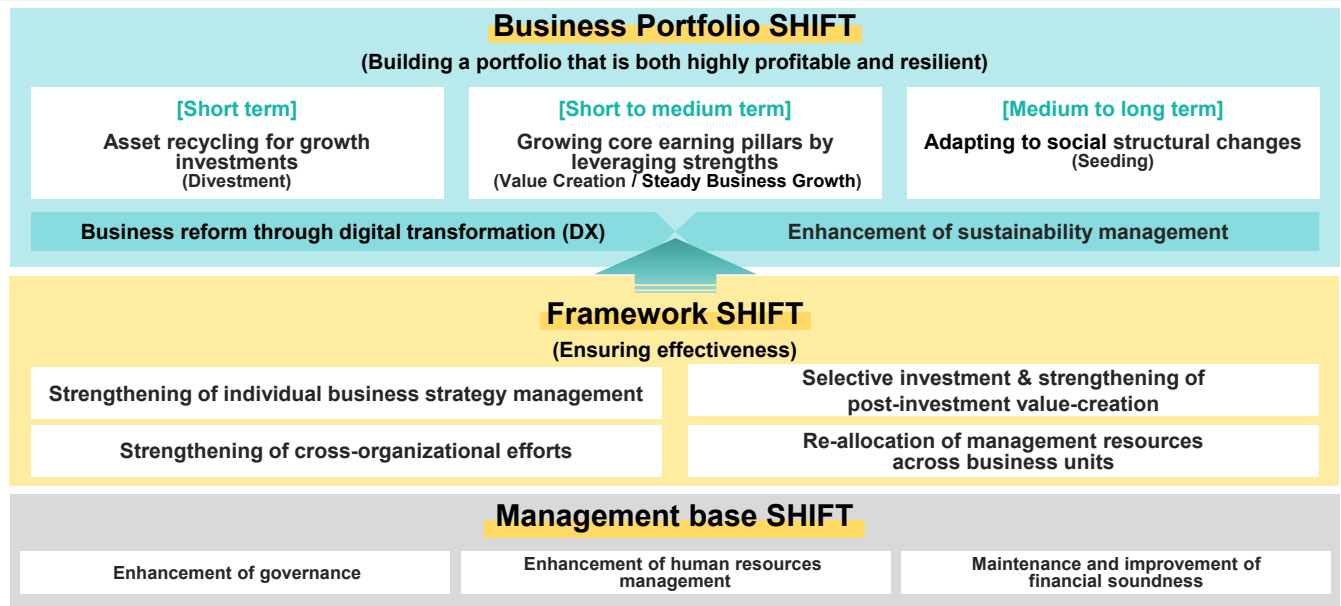
For FY2023, we have set our full-year forecast at JPY480 billion, taking into account our current business conditions and the business environment surrounding us. Based on the current shareholder return policy and the full-year forecast of JPY480 billion, we have increased the annual dividend forecast for FY2023 by JPY5 to JPY120 per share. Details will be explained later.

# Progress of Medium-Term Management Plan SHIFT 2023

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I would like to explain the progress of our medium-term management plan SHIFT 2023 up to this point and our efforts for the final year of the plan, based on this progress.

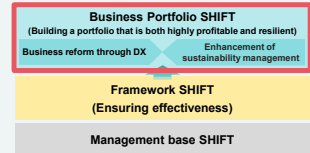
## 2. Overview of Medium-Term Management Plan SHIFT 2023



The overall picture of the three shifts set forth in SHIFT 2023 is described once again.

### 3. Business Portfolio SHIFT

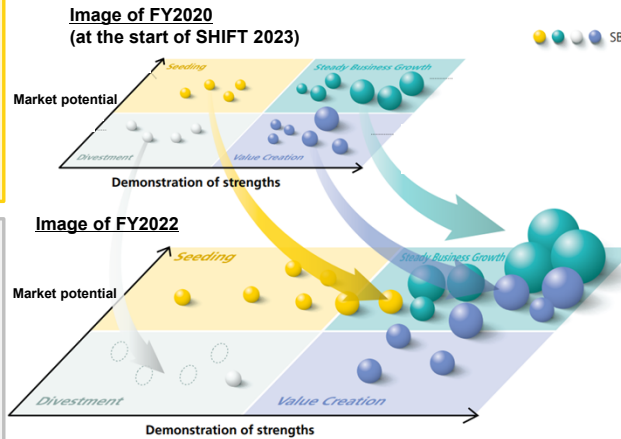
- Each Strategic Business Unit (SBU) has carried out its role under four strategic categories, and the shift in the business portfolio has progressed steadily.



**Seeding**

- Steadily building up the seeds of next-generation businesses from a longer-term perspective. (next-generation steel pipe, large storage battery, etc.)

Results	FY2020	FY2022
Profit	¥-5.0 bil.	¥-10.0 bil.
Invested capital	¥35.0 bil.	¥150.0 bil.



**Steady Business Growth**

- Progress on initiatives for further growth, such as building up assets in each SBU. (construction machinery, healthcare, agriculture, etc.)

Results	FY2020	FY2022
Profit	¥100.0 bil.	¥220.0 bil.
Invested capital	¥3.2 tri.	¥3.9 tri.

**Divestment**

- Strategic exit of originally planned projects has been completed. (Silver, zinc and lead business in Bolivia, copper and molybdenum mining business in Chile, oil and gas business in the U.K. North Sea, etc.)

Results	FY2020	FY2022
Profit	¥-25.0 bil.	¥20.0 bil.
Invested capital	¥200.0 bil.	¥0.0 bil.

**Value Creation**

- Progress in strengthening resilience and expanding the earnings base by exiting from low-profitable businesses and taking value-up measures in each SBU. (Tubular products in North America, media-related, basic chemicals, etc.)

Results	FY2020	FY2022
Profit	¥-210.0 bil.	¥330.0 bil.
Invested capital	¥2.3 tri.	¥3.4 tri.

To return to a solid growth trajectory, it is essential that we achieve this through SHIFT 2023. The starting point is the shift in our business portfolio. I would like to explain the business situation at the end of the second year in the four strategic quadrants, or as we call them internally, the four quadrants, in counterclockwise order, starting from the bottom left.

First, in the divestment quadrant, we will complete the strategic withdrawal of planned projects without missing opportunities, and recover management resources. These are funds and human resources.

In the value creation quadrant, we withdraw from unprofitable businesses, and each strategic business unit, which we call SBU, strengthens its downward resilience and expands its revenue base by implementing various value-enhancing measures, which has resulted in a significant improvement in revenue and is supporting our business performance. These efforts have been supporting the Company's performance.

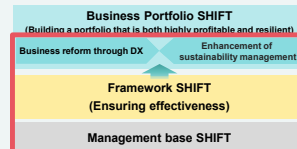
In the steady business growth category, we have been working toward further growth by accumulating quality assets to further expand our strengths.

On the left side, in the seeding quadrant, we have been steadily accumulating the seeds of next-generation businesses from a long-term perspective. Our recently announced investment in DABCO is also included in this area.

Below this explanation of progress, a comparison of the quantitative effects of each of these initiatives between FY2020, before the start of SHIFT 2023, and the results of the previous fiscal year is shown in the center of the image.

## 4. SHIFT in Framework and Management base, etc.

- Overall framework and Management Base SHIFT, including the enhancement of human resources management, was completed. In addition, various initiatives for business reform through DX and for enhancement of sustainability management have also progressed and spread.
- Based on these, we drive a more dynamic business portfolio shift.



### Business reform through DX

- Improve functionality and profitability through DX implementation in existing businesses. Progress in demand/supply forecasting in the domestic supermarket business, advanced data analysis in the healthcare business, expansion of service areas in the drilling efficiency solutions business, etc.
- New business creation from Next-generation growth fields x DX: decarbonization, mobile payment services, SIM-based IOT infrastructure, DX support services, etc.
- Develop DX promotion know-how externally through PE funds in which we participate.

### Enhancement of sustainability management

- Renewable energy supply expansion target for 2030 revised upwards from more than 3 GW to more than 5 GW
- Progress on projects in three focused areas such as developing carbon-free energy and expanding power & energy services.
- Internal carbon pricing system in place to promptly identify and respond to climate change risks and opportunities.
- Continued efforts to reduce human rights risks in the supply chain and conducted segment-specific human rights due diligence in two segments (four segments in total).

### Enhancement of the total optimization of the capital allocation and management resources

- Internal framework replaced to allocates invested capital in a company-wide optimum manner to enhance more dynamic shift in the business across the group.

### Enhancement of governance

- The executive compensation system was upgraded to reflect the stock price growth rate of the Company to align more with shareholders' interests to share the Company's mid-to-long-term corporate value. Also, non-financial indicators are more linked to strengthening our commitment to the enhancement of sustainability management.

### Enhancement of human resources management

- In the area of key personnel, have implemented various measures for evolving human resource management, including the appointment of external personnel and appointments that are not restricted by age, to further promote diversity, equity, and inclusion.

[Reference] Framework SHIFT and Management Base SHIFT in FY2021 ([Annual Results for FY2021 of presentation material P.12](#))

This section summarizes the framework that supports the shift in the business portfolio and the progress of the shift in management foundation.

In the second year, we have made progress in various areas of DX and the advancement of sustainability management, which are the common axes for promoting the shift in the business portfolio.

As for strengthening governance and human resource management, as shown in the lower part of the slide, we have made progress in specific initiatives, such as reflecting non-financial indicators in the executive compensation system as recently disclosed, and appointing diverse human resources as part of the implementation of diversity, equity & inclusion.

## 5. Towards the completion of SHIFT 2023

- In order to return to a growth trajectory, the key areas of focus in the final year of SHIFT 2023 are as follows.

### Addressing businesses in turnaround

- Continuing to work on the value-up of Ambatovy, TBC, Fyffes and others.
- Completion of the divestment of low-profit businesses.

### Profitability improvement of existing businesses

- Profitability improvement in SBUs with ROIC below WACC.
- Asset replacement for businesses with poor growth potential.

### Monetization of next-generation growth fields

- Monitoring from a company-wide perspective and providing the necessary support.
- Growing core earning pillars through the focused allocation of management resources.

Based on the progress made over the past two years, we have summarized the three priority actions we will take in the final year of the medium-term plan toward the completion of SHIFT 2023.

The first, on the left, is to address pending projects. Some businesses, such as the tubular products wholesalers in North America, have largely turned around, including the reinforcement of downward resistance. On the other hand, there are still some businesses that are still in the process of turning around, such as Ambatovy, TBC, and Fyffes, which are shown here, and we are working hard to turn them around while investing company-wide resources.

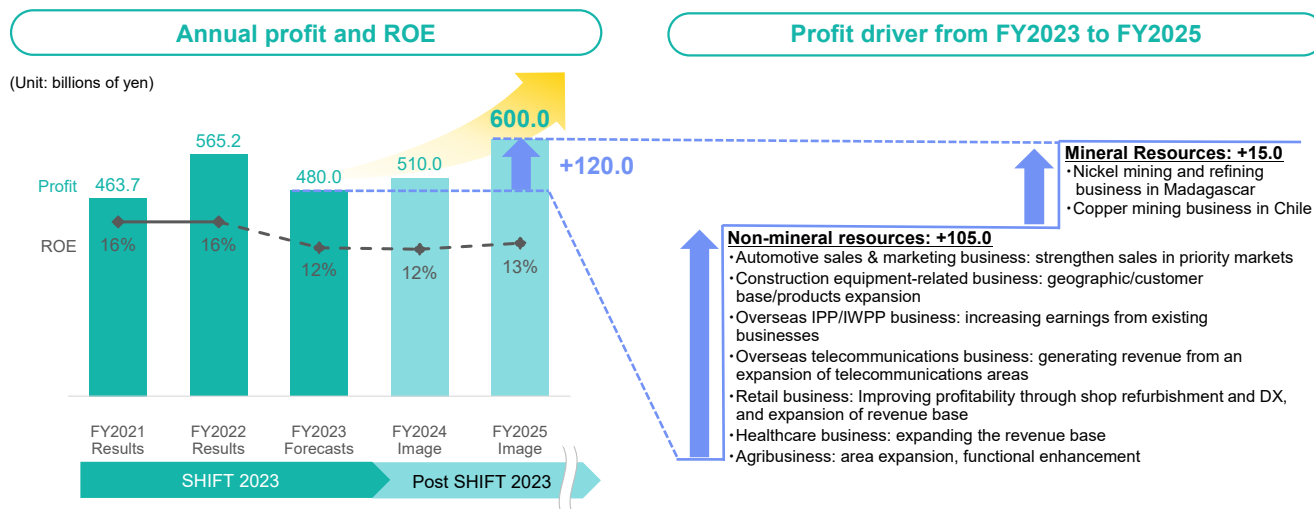
In addition, we have not yet completed the withdrawal of some low-profit businesses. We are working to complete these projects.

The second is to improve the profitability of existing businesses. Under ROIC and WACC management for each SBU, we will set a time frame and actions to be taken to ensure that ROIC firmly exceeds WACC for each SBU, and we will steadily advance this PDCA cycle. In addition, we will strive to improve ROIC for the Company as a whole by, for example, drastically replacing assets in businesses with little growth potential.

The third theme on the right is the monetization of next-generation growth strategy themes. Of the five themes set at the start of SHIFT 2023, we have recently closed the financing for offshore wind power in France with respect to next-generation energy. We are developing 1,000 megawatts of offshore wind power in Europe. In addition, we will continue to promote company-wide initiatives in social infrastructure, retail consumer, healthcare, and agriculture in FY2023, while accelerating efforts to generate profits.

## 6. Our growth beyond SHIFT 2023

- By completing SHIFT 2023, we will establish an earnings base that ensures an ROE of 12 to 15% regardless of the external environment. By Linking this to further growth, we aim to achieve a profit of ¥600.0 bil. in FY2025.



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The left-hand side shows the growth in profit level after the completion of SHIFT 2023, which will put us back on a growth trajectory. From JPY480 billion in FY2023, we are aiming for an increase of JPY120 billion to JPY600 billion in FY2025.

The breakdown of the JPY120 billion in profit growth is as shown on the right side of the chart: JPY105 billion in the non-mineral resources businesses and JPY15 billion in the mineral resources businesses. In the non-mineral resources businesses in particular, in addition to automobile distribution, construction machinery, and overseas power generation, which are driving our current performance, overseas telecommunications, retail, healthcare, and agriculture, which are our next-generation growth strategy themes, will contribute to profit.

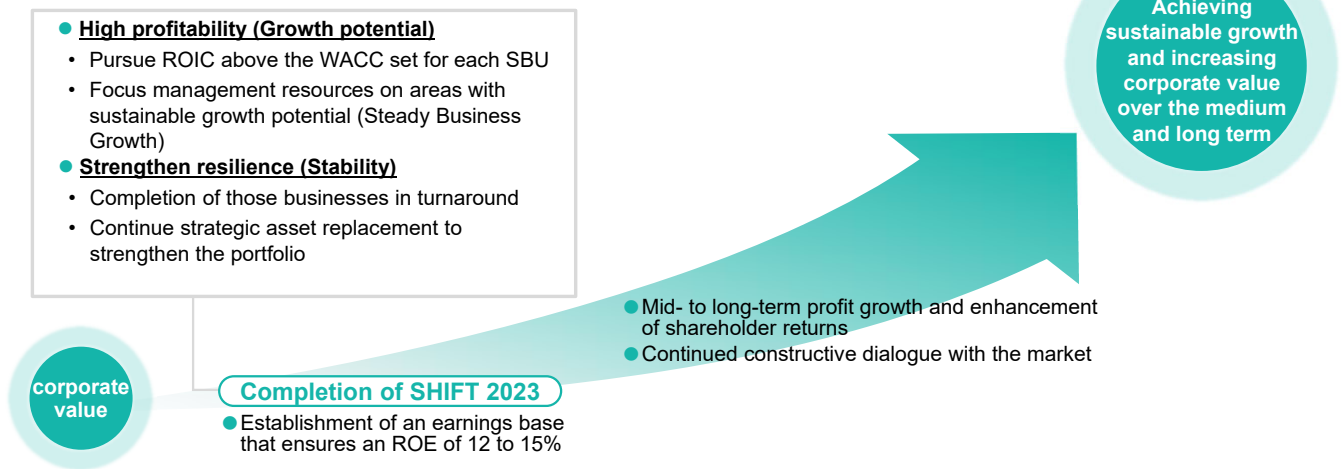
In the mineral resources businesses, market assumptions are based on current market consensus. Although profits will decrease from the previous year due to price factors, we will ensure higher revenue by stabilizing production at the nickel mining and refining business in Madagascar and by starting operations in QB2 in the copper business in Chile.

With these businesses as our immediate growth drivers, we will continue to grow sustainably and ensure further growth post-SHIFT 2023.



## 7. Initiatives to improve corporate value over the medium and long term

- The company's growth potential and performance stability must be further enhanced.
- By completing SHIFT 2023, we will establish an earnings base that ensures an ROE of 12 to 15% regardless of the external environment.
- Profit growth will continue over the medium to long term at earnings levels above the cost of shareholders' equity, while at the same time continuing to enhance shareholder returns.
- Through constructive dialogue, we will improve the evaluation of the market.



This slide shows a summary of what I have explained so far as trends toward increasing corporate value over the medium to long term.

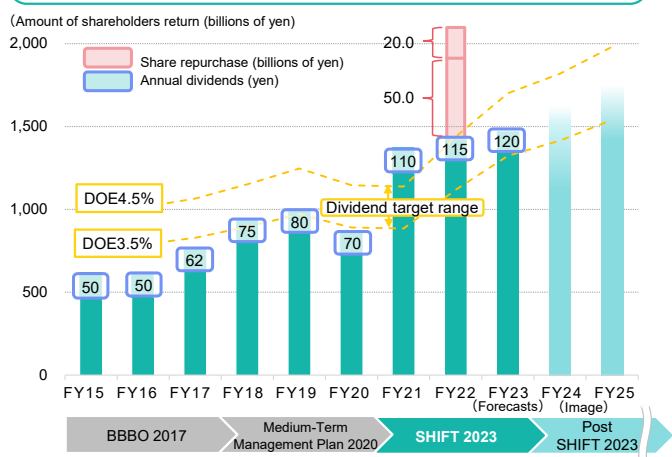
Recognizing the need to further improve our growth potential and the stability of our business performance, we will continue to grow profits above the cost of shareholders' equity regardless of the external environment by completing SHIFT 2023, and we will also enhance shareholder returns.

At the same time, through constructive dialogue, we will strive to earn the appreciation of the market.

## 8. Shareholder Return

- Annual dividend for FY2022 is ¥115/share. (interim dividend: ¥57.5/share, year-end : ¥57.5/share (plan)) (Same as the forecast in Feb.) As an additional further shareholder return, a new share repurchase of ¥20.0 bil. has been resolved, in addition to the ¥50.0 bil. already repurchased. (the repurchase period is from May 10 to Jun. 9, 2023, and all shares will be cancelled.)
- Shareholder returns in FY2023 will continue with the current policy, based on the progress of the measures in SHIFT 2023. The annual dividend forecast (minimum dividend in FY2023) is set at ¥120/share, an increase of ¥5/share from the previous year, based on the annual profit forecast of ¥480.0 bil.

### Shareholder returns



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### Shareholder Return Policy

- The annual dividend amount will be determined based on the consolidated dividend payout ratio of 30% within the DOE range of 3.5 to 4.5%, taking into consideration the status of fundamental earnings capacity, cash flows and other factors. (DOE is calculated based on shareholders' equity at the beginning of the period.)
- When 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner. (In the case of dividends, the dividend payout ratio shall be 30% or more in principle.)
  - The annual dividend forecast  
It is determined based on a dividend payout ratio of 30% of the annual forecasts of profit for the year within a DOE range of 3.5% to 4.5%. (In the event that it is revised during the term, the revised forecast shall not, in principle, be less than the forecast immediately prior to the revision.)
  - The amount of annual dividends  
It shall be determined based on a payout ratio of 30% of actual profit for the year. (In principle, it is not less than the immediately preceding forecast.)
  - The interim dividend  
It shall be half of the annual dividend forecast at the time of the interim dividend payment.

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As I mentioned in the summary at the beginning of this document, the annual dividend per share for FY2022 is JPY115 per share. In addition to the JPY50 billion already returned to shareholders, which was announced at the time of the Q3 consolidated results announcement, we have decided to repurchase JPY20 billion of our own shares as an additional return to shareholders, based on the positive results.

For FY2023, we will continue with our current policy of returning profits to shareholders, taking into account that we are on our way back to a growth trajectory. Based on the annual dividend profit forecast of JPY480 billion, we have increased our annual dividend forecast by JPY5 per share from the previous fiscal year to JPY120 per share.

# FY2022 Results • FY2023 Forecasts

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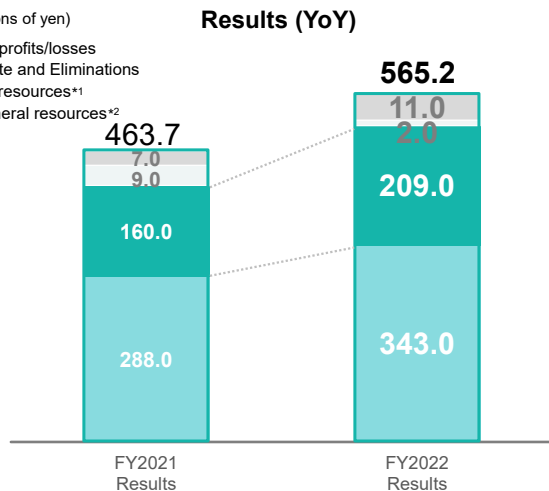
I will now explain the quantitative details.

## 9. Operating Results (Profit for the Year (Attributable to Owners of the Parent))

- Profit for the year attributable to owners of the parent totaled ¥565.2 bil.
- ¥101.5 bil. increase compared to the previous fiscal year (+22%).  
Profit increased in both mineral resources and non-mineral resources businesses.

(Unit: billions of yen)

- One-off profits/losses
- Corporate and Eliminations
- Mineral resources\*<sup>1</sup>
- Non-mineral resources\*<sup>2</sup>



### Highlights

- Mineral resources (¥+49.0 bil.)**  
Upstream business: higher prices  
Trading business: strong performance
- Non-mineral resources (¥+56.0 bil.)**  
Tubular products business in North America: strong performance  
Construction equipment related business: stable mainly in North American market  
Real Estate business: large-scale properties delivered  
Chemical and electronics business: stable
- Major one-off profits/losses**  
Sale of oil and gas business in the U.K. North Sea in FY2022 Q1 (¥+10.0 bil.)  
Impairment loss of the investments in Telecommunications business in Myanmar in FY2022 Q4 (¥-17.0 bil.)
- Impact of yen's depreciation (¥+60.0 bil.\*included in the above increase)**

Average exchange rate (YEN/US\$): FY2021 112.39  
FY2022 135.50

- \*<sup>1</sup> Mineral resources is a sum of Mineral Resources Division No.1, Mineral Resources Division No.2, and Energy Division.  
\*<sup>2</sup> Non-mineral resources is calculated by subtracting "Mineral resources" and "Corporate and Eliminations" from the total.  
\*<sup>3</sup> The results of Mineral resources, Non-mineral resources, and Corporate and Eliminations represents profits/losses excl. one-off profits/losses.  
\*<sup>4</sup> Each result is rounded off to the nearest 1 billion.  
\*<sup>5</sup> Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2021 results, excl. one-off profits/losses are reclassified.

Profit for the year is JPY565.2 billion, an increase of JPY101.5 billion from the previous fiscal year. The bar graph in the document shows profit for the year broken down into the mineral resources businesses, the non-mineral resources businesses, and Corporate and Eliminations, of which one-off profits/losses and results excluding one-off profits/losses are shown.

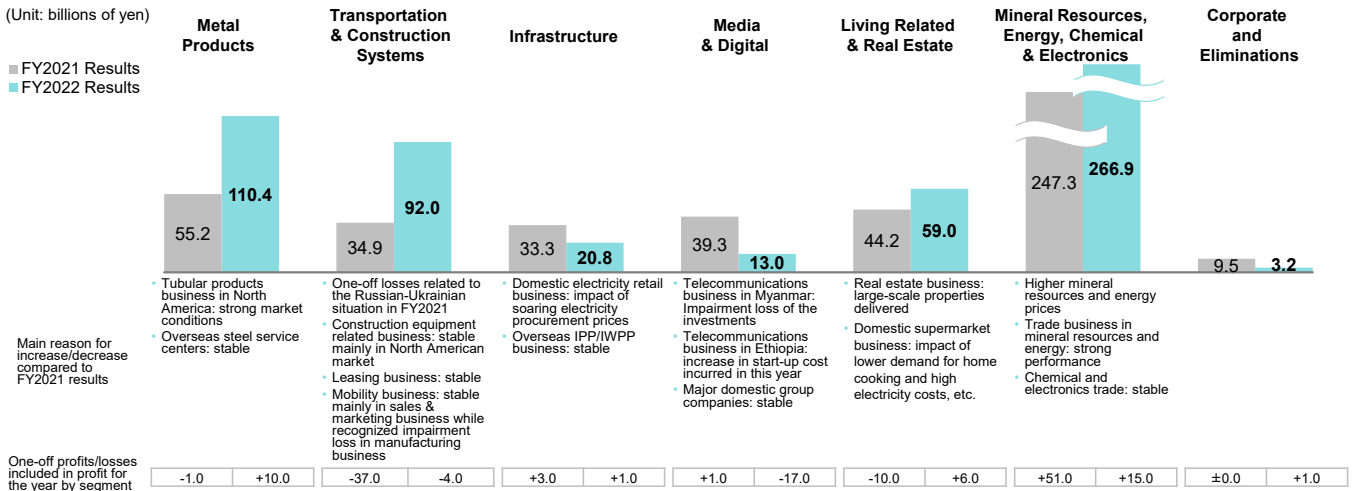
The mineral resource businesses posted an increase of JPY49 billion, to JPY209 billion. In addition to the impact of higher resource and energy prices, the trade business showed robust performance.

The non-mineral resources businesses recorded JPY343 billion, an increase of JPY56 billion. In addition to the tubular products business in North America and the construction equipment related business mainly in North America, the chemical and electronics business showed solid performance, and a large-scale real estate project was delivered.

In addition, the Company recorded one-off profits of JPY11 billion in net unrealized gains for the period, including an impairment loss of approximately JPY17 billion on its equity method investment in the telecommunications business in Myanmar in Q4 of the current fiscal year.

## 10. Profit for the Year by Segment

- Profit increased in following segments: Metal Products, Transportation & Construction Systems, Living Related & Real Estate, Mineral Resources, Energy, Chemical & Electronics.



\* Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2021 results are reclassified and described.

Page 12 shows changes in profit for the year compared to the previous fiscal year by segment.

The Metal Products, Transportation & Construction Systems, Living Related & Real Estate, and Mineral Resources, Energy, Chemical & Electronics segments each reported an increase in profits. The main reasons for the increase in profits are as explained earlier.

On the other hand, the Infrastructure segment saw a decrease in profit mainly due to the impact of the steep rise in electricity procurement prices in the domestic electricity retailing business. In addition, the Media & Digital segment reported an impairment loss on an equity-method investment in the telecommunications business in Myanmar and an increase in start-up costs in a telecommunications business in Ethiopia, among other factors.

## 11. Quarterly Trend for Profit for the Year (excluding one-off profits/losses)

- Current profit level (excl. one-off profits/losses base): approx. ¥110.0-120.0 bil. in total, approx. ¥80.0 bil. for non-mineral resources.
- Steadily raise earning power through achievements of structural reform in SHIFT 2023.



\* Due to reorganization carried out as of Apr. 1, 2022, the breakdown of FY2020 and FY2021 results, excl. one-off profits/losses are reclassified and described.

The bar graph shows the quarterly trend for profit for the year excluding one-off profits/losses.

In Q3 and Q4, when the surge in resource and energy prices slowed down, profits were in the JPY110 billion to JPY120 billion range. The non-mineral resources businesses remained at around JPY80 billion, and we believe that the structural reforms we have undertaken under SHIFT 2023 have helped to raise earnings.

## 12. Operating Results (Cash Flows)

- Free cash flow post-shareholder return(adjusted) for FY2022 was cash out of ¥121.3 bil.
- Cumulative results in SHIFT 2023 was cash out of ¥46.6 bil., recognizing negative as of now.

(Unit: billions of yen)

	SHIFT 2023 3-year Total Revised Plan (May 2022)	SHIFT 2023		
		Results (Apr.2021-Mar.2023)	FY2021 Results (Apr.2021-Mar.2022)	FY2022 Results (Apr.2022-Mar.2023)
Basic profit cash flow*1	+910.0	+868.9	+359.5	+509.3
Depreciation and amortization (After netting repayments of lease liabilities)	+320.0	+214.2	+102.0	+112.2
Asset replacement	+660.0	+380.0	+220.0	+160.0
Others	-190.0	-580.0	-220.0	-360.0
Investment & loan (New investment & loan)	-1,230.0 (-500.0)	-650.0 (-170.0)	-290.0 (-50.0)	-350.0 (-110.0)
<b>Free cash flow (adjusted*2)</b>	<b>+470.0</b>	<b>+244.5</b>	<b>+174.7</b>	<b>+69.8</b>
Shareholder return	-350.0	-291.1	-100.0	-191.1
<b>Free cash flow (post-shareholder return)(adjusted*2)</b>	<b>Ensure Positive</b>	<b>-46.6</b>	<b>+74.7</b>	<b>-121.3</b>

### Highlights

- Basic profit cash flow**  
Steady cash generation by core businesses
- Asset replacement**  
Sale of domestic real estates  
Sale of Silver, zinc and lead business in Bolivia  
Sale of oil and gas business in the U.K. North Sea, etc.
- Others**  
Increase in working capital, etc.
- Investment & loan**  
Acquisition of domestic and overseas real estate  
Tender Offer for Sumitomo Precision Products Co., Ltd.  
Acquisition of Agricultural supplies distributor in Brazil (Nativa)

\*1 Basic profit cash flow = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + dividends) × (1-tax rate) + dividend from investments accounted for using the equity method  
\*2 Repayments of lease liabilities categorized in financing activities is adjusted

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Next, I will explain cash flows.

Free cash flow after shareholder return for FY2022 results, circled in green, was a cash outflow of JPY121.3 billion. The main breakdown is as stated.

### 13. Operating Results (Financial Position)

- Total assets increased to ¥10.1 trillions due to increase in operating assets in addition to yen's depreciation (approx. ¥+520.0 bil. compared to the end of Mar. 2022).

(Unit: billions of yen)	As of Mar. 31, 2022	As of Mar. 31, 2023	Increase/ Decrease
Current assets	4,645.5	4,873.0	+227.5
Non-current assets	4,936.7	5,233.3	+296.6
<b>Total assets</b>	<b>9,582.2</b>	<b>10,106.3</b>	<b>+524.1</b>
Other liabilities	3,179.5	2,976.7	-202.8
Interest-bearing liabilities*1	3,021.4 (2,273.7)	3,152.1 (2,484.4)	+130.7 (+210.7)
<b>Total liabilities</b>	<b>6,200.9</b>	<b>6,128.8</b>	<b>-72.1</b>
Shareholders' equity*2	3,197.8	3,779.5	+581.7
<b>Total liabilities and equity</b>	<b>9,582.2</b>	<b>10,106.3</b>	<b>+524.1</b>
<b>D/E Ratio (Net)</b>	<b>0.7</b>	<b>0.7</b>	<b>±0.0pt</b>
Exchange rate (YEN/US\$)	<b>122.39</b>	<b>133.53</b>	<b>+11.14</b>

#### Highlights

#### Total assets +524.1 (10,106.3←9,582.2)

- Increase due to the yen's depreciation (approx. ¥+280.0 bil.)
- Increase in operating assets
- Increase in investments accounted for using the equity method

#### Shareholders' equity +581.7 (3,779.5←3,197.8)

- Increase due to the yen's depreciation (approx. ¥+120.0 bil.)
- Profit for the year
- Dividend paid, share repurchased

\*1 "Interest-bearing liabilities" is sum of bonds and borrowings (current and non-current), excluding lease liabilities.  
 Figures in parenthesis in "interest-bearing liabilities" show "interest-bearing liabilities, net".

\*2 "Shareholders' equity" is equivalent to "equity attributable to owners of the parent" in consolidated statements of financial position.

I would like to explain our financial position.

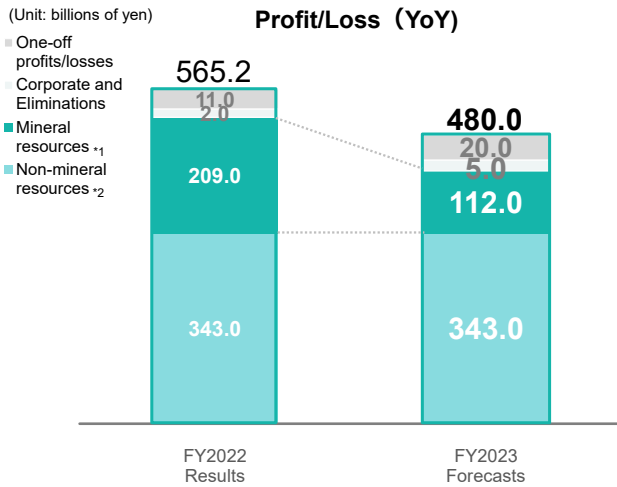
Compared to the end of the previous fiscal year, total assets increased by JPY520 billion to JPY10,100 billion and shareholders' equity increased by JPY580 billion to JPY3,780 billion.

Net D/E ratio was 0.7x.



## 14. Forecasts for FY2023 (Profit for the Year (Attributable to Owners of the Parent))

- Assume continuous business environment of current level, while the uncertainty of future global economy has been increasing.
- Under these circumstances, proceeding shifting to more profitable and resilient business portfolio, forecasting ¥480.0 bil. of profit for FY2023.
- Anticipate, YoY base, profit decrease in mineral resources due to such as weakening prices of upstream business, stable in non-mineral resources.



### Highlights

- **Mineral resources (¥-97.0 bil.)**  
Upstream business: weakening prices  
Trading business: absence of strong performance in FY2022
- **Non-mineral resources (-)**  
Domestic electricity retail business: recovery  
Chemical & Electronics business: stable  
Tubular products business in North America, Construction equipment related business: profit decrease  
Real estate business: large-scale properties delivered in FY2022
- **Impact of yen's appreciation (-10.0 bil.\* included in the above decrease)**  
Average exchange rate (YEN/US\$): FY2022 135.50  
FY2023 130.00

<sup>\*1</sup> Mineral resources is a sum of Mineral Resources Division No.1, Mineral Resources Division No.2, and Energy Division.  
<sup>\*2</sup> Non-mineral resources is calculated by subtracting "Mineral resources" and "Corporate and Eliminations" from the total.  
<sup>\*3</sup> The results of Mineral resources, Non-mineral resources, and Corporate and Eliminations represents profits/losses excl. one-off profits/losses.  
<sup>\*4</sup> Each result is rounded off to the nearest 1 billion.  
<sup>\*5</sup> Due to reorganization carried out as of Apr. 1, 2023, the breakdown of FY2022 results, excl. one-off profits/losses are reclassified.

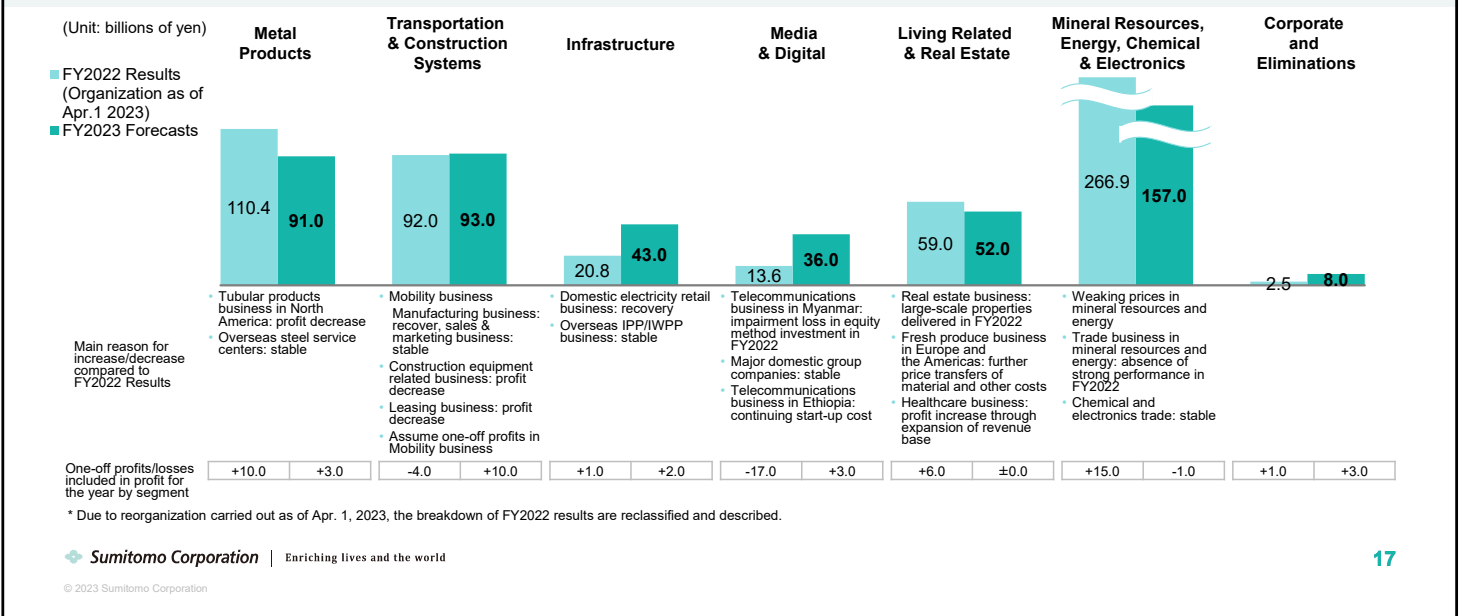
Our full-year forecast for FY2023 is JPY480 billion.

Divided into mineral resource and non-mineral resources businesses, the mineral resource business is forecast to post JPY112 billion, a decrease of JPY97 billion from the previous fiscal year. In addition to the softening of resource and energy prices, we expect a rebound from the strong trade in the previous fiscal year.

The non-mineral resources businesses are forecast at JPY343 billion, the same level as the previous fiscal year. While the tubular products business in North America and the construction-equipment-related business are expected to see lower profits, the domestic electricity retail business is expected to recover, and the chemical & electronics business is expected to continue to show solid performance.

# 15. Forecasts for FY2023 (Profit for the Year by Segment)

- Assume profit increase compared to FY2022 in following segments: Transportation & Construction Systems, Infrastructure, Media & Digital.



Page 17 shows the full-year forecast by segment.

Details are shown on the slide.

## 16. SHIFT 2023 Cash Flows Plan

- No change in initial policy of ensuring free cash flow (post-shareholder return) (adjusted) to be positive for 3-year total.
- Accelerate business portfolio shift through enhancement of strategic assets replacement and strengthening of capital increase measurement mainly Steady Business Growth areas.

(Unit: billions of yen)

	SHIFT 2023		
	Results (Apr.2021-Mar.2023)	FY2023 Plans	3-year Total Plan (May 2023)
Basic profit cash flow* <sup>1</sup>	+868.9	+400.0	+1,270.0
Depreciation and amortization (After netting repayments of lease liabilities)	+214.2	+110.0	+320.0
Asset replacement	+380.0	+220.0	+600.0
Others	-580.0	±0.0	-580.0
Investment & loan (New investment & loan)	-650.0	-500.0	-1,140.0
<b>Free cash flow (adjusted*<sup>2</sup>)</b>	<b>+244.5</b>	<b>+230.0</b>	<b>+470.0</b>
Shareholder return	-291.1	-180.0	-470.0
<b>Free cash flow (post-shareholder return)(adjusted*<sup>2</sup>)</b>	<b>-46.6</b>	<b>+50.0</b>	<b>Ensure Positive</b>

### Cash-flow allocation policy

- **Basic policy**  
No change in initial policy of ensuring free cash flow (post-shareholder return) (adjusted) to be positive for 3-year total
- **Asset replacement**  
Enhancement of strategic assets replacement
- **Others**  
Proper control of working capital
- **Investment & loan**  
Strengthening of capital increase in Steady Business Growth areas centered on next-generation growth fields

\*<sup>1</sup> Basic profit cash flow = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + dividends) × (1-tax rate) + dividend from investments accounted for using the equity method  
\*<sup>2</sup> Repayments of lease liabilities categorized in financing activities is adjusted  
\*<sup>3</sup> Annual dividend (24/3) included in FY2023 plans is based on our plan ¥120 per share.

Page 18 shows the cash flow plan.

There is no change in our basic policy of ensuring positive free cash flow after shareholder return for a total of three years.

We expect asset replacements of JPY220 billion and investments and loans of JPY500 billion in FY2023. In addition to promoting strategic asset sales, we will further accelerate the shift in our business portfolio by strengthening the accumulation of invested capital, especially in the steady business growth quadrant.

[END]