**IR Meeting for 1st Half Financial Results for FY Ending March 2023**
**10:00-11:30 on Wednesday November 2, 2022**

[1st Half Financial Results for FY Ending March 2023 (P0)]
Good morning, I'm Kenichi Hori, CEO.
Thank you for joining us today.

I will begin with an overview of operating results for the 1st half and full-year forecasts.
I will then hand over to Masao Kurihara, Global Controller, who will speak on the results in more detail.

Results for the 1st half of the current fiscal year showed that we remain capable of generating robust profits from our globally competitive business portfolio. Results for the same period of the previous year recorded significant growth, but this fiscal year profit has risen even further, setting a new record for the 1st half.

The Medium-term Management Plan 2023 has only five months remaining, but we will work on achieving concrete results through our pursuit of continuous "Transform and Grow."

[Summary of Operating Results (P3)]
I will now summarize our operating results for the 1st half of this fiscal year.

Core Operating Cash Flow (COCF) increased by 84.6 billion yen year-on-year to 611.5 billion yen, while profit for the period increased by 134.5 billion yen to 539.1 billion yen, representing solid progress toward the Business Plan.

In the light of this solid progress, we have revised up our full-year forecasts. Compared to the Business Plan, we have increased our forecast for the COCF by 180 billion yen to 1.13 trillion yen and profit for the year by 180 billion yen to 980 billion yen.

We have also increased the interim and year-end dividend to 65 yen per share respectively, an increase of 10 yen per share in total to make minimum yearly dividend of 130 yen per share. Furthermore, we have decided to implement an additional share repurchases of up to 140 billion yen.

While the Japanese yen is weakening, we also take the US dollar into consideration as the key

currency to make our management decisions with a global perspective.
In fact, we have US 1 billion dollars in mind regarding the share repurchase of 140 billion yen to deal with the overall cash flow allocation framework.

[Progress to Business Plan (P4)]
As for the Business Plan, most segments achieved solid progress.

With regard to individual businesses, trading of raw and processed materials, steel and other products, the automotive business, and the healthcare business, which showed significant growth in the previous period, all continued to record solid performance.
Furthermore, commodity market conditions and foreign exchange have positively impacted our performance.

The Global Controller will provide some supplementary information later on the Energy segment, where the progress was somewhat slow, but this was due to recognizing profit/loss, etc. for hedging LNG trading in advance. On the other hand, we are expecting the profit to exceed the Business Plan due to profit from physical delivery corresponding to hedging transactions as well as the impact of the increase in the offtake volume from Cameron LNG.

[Key Initiatives Progress (P5)]
Next, I will discuss progress on key initiatives in the Business Plan.

First, we have "Strengthening of base profit."

The LNG, chemicals, and grain trading business, etc. demonstrated advanced capabilities all over the world and maintained solid levels of profitability.
We strengthened profitability in a wide range of regions and industries, leveraging business portfolio including LNG, automotive and healthcare. Especially in US, business portfolio such as automotive and commercial vehicles of Penske group, natural gas and LNG business centered on Cameron LNG, and tank terminal, etc. made strong profit contribution.

With regard to the Sakhalin-II LNG project, we have decided to undertake the ownership in the new operating company established by Presidential Decree. LNG manufacturing and shipment operations are proceeding more or less in line with plans. On the other hand, the LLC Members composition of the operating company is yet to be finalized, and uncertainties remain. Please refer to page 26 of our presentation for details of the financial impact of the Russian LNG business.

Next, as a reconfiguration of the business portfolio, we completed the sale of the Australian coking coal business, SMC. This was not foreseen as part of the Business Plan, but negotiations were brought to close the deal in a short period of time, with the sale completion in early October after the agreement being concluded in August this year. We expect to record a gain on this sale in the 3rd quarter.

We also made progress in establishing a new earnings base from opportunities in climate change related areas.
In the 1st half of the current fiscal year, we decided and executed a series of investments in the energy solutions domain. We are promoting projects and driving initiatives to enhance corporate value.

Progress was also made in low-carbon production business.
We are now considering a final investment decision within this year on low-carbon ammonia production business, which is a new initiative with ADNOC to start low-carbon ammonia production of 1 million tons per year in the United Arab Emirates in 2025.
In the US, we continue to accelerate initiatives targeting to a final investment decision in 2023 and beginning production of 1 million tons of clean ammonia yearly from 2027 with CF Industries.

By establishing new earnings bases in this way, we will address the global-scale issue of climate change and strive to achieve sustainable growth.

[FY Mar/2023 Yearly Forecasts (Revised) (P6)]
As I mentioned at the start of my presentation, we have revised up our full-year forecast for COCF to 1.13 trillion yen.

Energy was revised up by 90 billion yen mainly due to the FX impact and increases in LNG trading profit, Machinery & Infrastructure was revised up by 50 billion yen as a result of higher dividend income from associated companies primarily in automotive and commercial vehicles related businesses, and Mineral & Metal Resources was revised up by 40 billion yen mainly due to the FX impact. COCF for the company as a whole was revised up by 180 billion yen compared to 950 billion yen in the Business Plan.

[FY Mar/2023 Yearly Forecasts (Revised) (P7)]
We have also revised up our full-year profit forecast to 980 billion yen.

As a result of upward revisions in the Mineral & Metal Resources by 70 billion yen mainly due to FX impact and the sale of Australian coking coal business, SMC, in the Energy by 70 billion yen mainly due to FX impact and higher profit in LNG trading, in the Machinery & Infrastructure by 15 billion yen mainly due to good performance in the automotive and commercial vehicles related businesses and FX impact, and in the Innovation and Corporate Development by 15 billion yen mainly due to gain on sale in real estate business, profit for the year was revised up by 180 billion yen for the company as a whole, compared to 800 billion yen in the Business Plan.

[Cash Flow Allocation (Results) (P8)]
In this section, I will discuss on cash flow allocation results for the 1st half.

Cash-in for the period was 759.5 billion yen, comprising COCF of 611.5 billion yen and asset recycling of 148 billion yen including the sale of properties in the US etc.

Cash-out was 536 billion yen, comprising investments and loans of 336 billion yen and returns to shareholders of 200 billion yen. The main investments and loans were for Mainstream, the large renewable energy project in India, and Climate Friendly. In terms of CAPEX for existing projects, there were cash-out flows for oil and gas projects, as well as iron ore and coal operations in Australia.

[Cash Flow Allocation (Forecast) (P9)]
Reflecting the upward revisions to full-year forecasts that I mentioned earlier, we have updated cash flow allocation for the three years of the Medium-term Management Plan.

We are expecting expansion in cash inflow and revising up COCF to 2.95 trillion yen. We will allocate 1.5 trillion yen to investments, 510 billion to shareholder returns, reflecting the increase in the yearly dividend to 130 yen per share, with a management allocation of 1.74 trillion yen.

[Management Allocation: Going Forward (P10)]
We assume management allocations for shareholder returns, growth investments, and strengthening our financial position to address a highly uncertain business environment.
As shown in the graph on page 11, based on the newly decided 140 billion yen in share repurchases and the increase in the yearly dividend to 130 yen per share, returns to shareholders over the three-year period of the Medium-term Management Plan are expected to be approximately 1 trillion yen, likely to reach the total shareholder returns target of 33% as a

percentage of COCF.

Next, I will address growth investments.
This fiscal year, I have had more opportunities for business trips and having done the rounds of business frontlines all over the world and obtained confirmation with my own eyes, I got a real feel for the robustness and effectiveness of our project pipelines. These pipelines cover investment for bolt-on and peripheral areas for securing suppliers and strengthening functions in order to contribute to stable supply of mineral & metal resources, LNG, automotive, etc. as well as for Strategic Focus areas.

In Strategic Focus areas, we are deepening the initiatives of the current Medium-term Management Plan.
In Energy Solutions, we are engaging in initiatives for renewable energy, next-generation fuels such as ammonia and hydrogen, and their peripheral projects, and accelerating the formation of business clusters.
In Healthcare/Nutrition, in addition to strengthening the healthcare business, we will promote the construction of a strategic nutrition value chain in food, nutrition, and its related industries stretching from upstream seeds, fertilizer, and crop protection to downstream health food and other products and services.

While maintaining strict discipline, we will execute our investments with the optimal timing.

At the same time, we will secure short term liquidity to strengthen our financial position in light of a highly uncertain business environment which include higher interest rates and heightened market volatility.

As we update the outlook for management allocation going forward, we will continuously consider the necessity for further additional shareholder returns.

That completes my part of the presentation today.
I will now hand over to Global Controller Masao Kurihara for details of performance in the 1st half.

= Global Controller Section =

[Operating Results (P12)]

I am Masao Kurihara, Global Controller.

I will now provide details of our operating results for the 1st half.

[Core Operating Cash Flow: YoY segment comparison (P13)]

First, I will explain the main changes in COCF by segment compared to the 1st half of the previous fiscal year.

COCF for the period was 611.5 billion yen, a year-on-year increase of 84.6 billion yen.

In Mineral & Metal Resources, COCF increased by 28.9 billion yen to 269.5 billion yen, mainly due to higher coal prices, despite the impact of a downturn in iron ore prices.

In Energy, COCF increased by 37.7 billion yen to 124.8 billion yen, mainly due to increases in oil and gas prices.

In Machinery & Infrastructure, COCF increased by 15.5 billion yen to 92.6 billion yen, mainly due to higher dividend income from associated companies, primarily in automotive and commercial vehicles related businesses.

In Chemicals, COCF increased by 7.4 billion yen to 50.9 billion yen, mainly due to good sales performance in the fertilizer products and raw material trading and business.

In Iron & Steel Products, COCF increased by 1.9 billion yen to 7.3 billion yen, mainly due to solid trading.

In Lifestyle, COCF declined by 3.1 billion yen to 19 billion yen, mainly due to the absence of the good performance in the previous period caused by the sale of Colombia Asia's business in India.

In Innovation & Corporate Development, COCF decreased by 8.4 billion yen to 18.2 billion yen, mainly due to the absence of FVTPL gain recorded in the previous period.

Other factors, such as expenses, interest, taxes, etc., which were not allocated to business segments, totaled 29.2 billion yen.

[H1 Profit: YoY segment comparison (P14)]

Please turn to page 14.
I will now explain the main changes in profit by segment compared to the 1st half of the previous fiscal year.
Profit for the period increased by 134.5 billion yen to 539.1 billion yen.

In Mineral & Metal Resources, there was a positive impact from higher coal prices, but the decline in iron ore prices and the fall in dividends from Vale led to decrease in the profit by 23.8 billion yen to 247.2 billion yen.

In Energy, profits increased by 60.2 billion yen to 55.4 billion yen mainly due to increases in oil and gas prices. As Hori explained, we are expecting the profit to exceed the Business Plan on full year basis. Please refer to page 27 for details of fluctuations in profit and loss during the fiscal year. As LNG is yet to develop in terms of liquidity and commoditization and thus there are situations where deviations occur between physical deliveries and derivatives, we are highly sensitive to market trends and thoroughly manage the risk. As the timing of profit/loss recognition for hedging transactions and physical commodities differs, following the requirements of accounting standards, there are cases when losses need to be recognized prior to the delivery of physical commodities. It resulted in recording of the large amount of expenses in advance during the 1st half of the current fiscal year, which has seen more price fluctuations than in the past. However, we expect to eliminate quantitative impact from this discrepancy on yearly basis.

In Machinery & Infrastructure, profits increased by 36.8 billion yen to 89.7 billion yen, mainly due to strong automotive and commercial vehicles related businesses, primarily in North America.

In Chemicals, profits increased by 11.7 billion yen to 39.3 billion yen, mainly due to good sales performance in the fertilizer and raw material trading and business.

In Iron & Steel Products, profits increased by 2.1 billion yen to 14.3 billion yen, mainly due to solid trading.

In Lifestyle, profits increased by 4.8 billion yen to 25.7 billion yen, mainly due to a gain on valuation of R-Pharm put option, higher profits in the solid healthcare business and good performance in grain trading, etc., while there was increase in cost of hedging operation for coffee trading.

In Innovation & Corporate Development, profits increased by 4.7 billion yen to 35.5 billion yen mainly due to gains on sales in the real estate business.

Other factors, such as expenses, interest, taxes, etc., which were not allocated to business segments, totaled 32 billion yen.

[H1 Profit: YoY factor comparison (P15)]
This page shows the main factors influencing year-on-year changes in profit.

Despite performance being driven by solid trading in multiple businesses, including automotive and Erdos, the decrease in dividend from iron ore operations, the advanced recognition of a valuation loss related to derivative transactions for hedging LNG trading, etc., and the absence of FVTPL profit recorded in the previous period resulted in base profit falling by approximately 45 billion yen.

Although costs were reduced in Energy upstream business due to lower depreciation and exploration costs, there were increases in unit costs as result of lower volumes caused by inventory adjustments in iron ore operations in Australia, tight labor conditions and bad weather in the coal operations in Australia, as well as increase in fuel cost. It resulted in decrease in profit by 15 billion yen under resources-related costs/volume.

Asset recycling resulted in an increase of approximately 26 billion yen mainly due to gains from the sale of assets in real estate business in the US and Singapore.

In Commodity prices/Forex, profit increased by approximately 147 billion yen. For market conditions, despite the 54 billion yen decline in profit caused by falling iron ore prices, higher coal prices resulted in a contribution of approximately 47 billion yen and increases in oil and gas prices contributed approximately 60 billion yen. In Forex, profit increased by 93 billion yen mainly due to the weaker yen.

Finally, Valuation gain/loss & special factors contributed to increase of approximately 21 billion yen, mainly due to valuation gain in Lifestyle.

[Full-year forecasts: Factor comparison relative to Business Plan (P16)]
Here we have a comparison of full-year forecasts and the Business Plan, with a summary of the factors involved.

Base profit is expected to increase 20 billion yen, excluding temporary factors. Although lower dividends from the LNG business is expected, trading has been solid and multiple businesses are expected to contribute to performance, including automotive and healthcare. If temporary factors have been reflected, it is expected to decline by 18 billion yen.

Although cost improvement in depreciation and exploration expenses in the upstream energy business and increase in production volume in some LNG businesses are expected, tight labor conditions in the Australian coal and iron ore operations and lower volumes caused by bad weather, as well as an increase in unit costs arising from lower volumes, are expected to result in resources-related costs/volume driving a 23 billion yen decrease in profits.

Asset recycling is expected to result in an increase of approximately 40 billion yen in profits, reflecting 1st half results and the sale of Australian coking coal business, SMC.

Commodity prices/Forex is expected to generate a profit increase of approximately 171 billion yen. Following revisions to the outlook for market prices, market conditions are expected to drive increases in profit of approximately 29 billion yen for coal, approximately 25 billion yen for oil and gas, and approximately 13 billion yen for iron ore. In Forex, an increase in profit of approximately 108 billion yen is expected, mainly due to the weaker yen.

Valuation gain/loss & special factors is expected to contribute an increase of approximately 10 billion yen, mainly due to a valuation gain in Lifestyle.

[Evolution of Financial Strategy and Portfolio Management (P17)]
Now let’s take a look at the balance sheet as of the end of the 1st half of the current fiscal year.

Compared to the end of March 2022, net interest-bearing debt increased by approximately 400 billion yen to 3.7 trillion yen. Meanwhile, shareholder equity increased by approximately 400 billion yen to 6 trillion yen. As a result, the net DER was 0.62x.

That concludes my presentation.