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**FINANCIAL RESULTS FOR  
THE NINE MONTHS ENDED DECEMBER 2022**

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**Mitsubishi Corporation**

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**FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2022**  
(Based on IFRS) (Consolidated)

1. Consolidated operating results for the nine months ended December 31, 2022

Note:  
Figures less than one million yen are rounded.  
%: change from the same period of the previous year

(1) Revenues and income

	Revenues		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the nine months ended										
December 31, 2022	16,284,544	31.6	1,344,273	48.3	1,025,180	44.4	955,759	48.2	1,495,567	81.1
December 31, 2021	12,371,138	35.8	906,560	209.1	710,193	248.6	644,768	281.2	825,909	144.9

	Profit for the period attributable to owners of the Parent per share (basic)		Profit for the period attributable to owners of the Parent per share (diluted)	
	Yen	Yen	Yen	Yen
For the nine months ended				
December 31, 2022	652.97	650.18		
December 31, 2021	436.77	435.28		

Note: Profit for the period attributable to owners of the Parent per share (basic) and Profit for the period attributable to owners of the Parent per share (diluted) are calculated based on Profit for the period attributable to owners of the Parent.

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of				
December 31, 2022	22,573,728	8,940,376	7,925,376	35.1
March 31, 2022	21,912,012	7,857,172	6,880,232	31.4

2. Dividends

(Record date)	Cash dividend per share (Yen)				
	1Q end	2Q end	3Q end	4Q end	Annual
Fiscal Year ended March 31, 2022	—	71.00	—	79.00	150.00
Fiscal Year ending March 31, 2023	—	77.00	—		
Fiscal Year ending March 31, 2023 (Forecast)				103.00	180.00

Note: Change from the latest released dividend forecasts: Yes

3. Consolidated forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Note:  
%: change from the previous year.

	Profit attributable to owners of the Parent		Profit attributable to owners of the Parent per share	
	Millions of Yen	%	Yen	Yen
For the year ending				
March 31, 2023	1,150,000	22.7	788.96	

Note: Change from the latest released earnings forecasts: Yes

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation): None

New companies: —

Excluded companies: —

(2) Changes in accounting policies and accounting estimates

-1- Changes in accounting policies required by IFRS : Yes

-2- Changes in accounting policies other than -1- : None

-3- Changes in accounting estimates : Yes

Please refer to page 12, "3. Changes in Accounting Policies and Accounting Estimates."

(3) Number of shares issued (Common stock)

-1- Number of shares issued at quarterly-end (including treasury stock)

(December 31, 2022) 1,474,145,351 (March 31, 2022) 1,485,723,351

-2- Number of treasury stock at quarterly-end

(December 31, 2022) 24,057,211 (March 31, 2022) 9,178,013

-3- Average number of shares during each of the nine months ended December 31, 2022 and 2021

(December 31, 2022) 1,463,718,330 (December 31, 2021) 1,476,231,106

Disclosure Regarding Quarterly Review Procedures

This earnings release is not subject to independent Auditor's review procedures.

Forward-looking Statements

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts, please refer to "1. (4) Forecasts for the Year Ending March 2023" on page 5.

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\* Presentation materials are released on Mitsubishi Corporation's website (Investor Relations section).

\* Mitsubishi Corporation will hold an earnings conference online for the nine months ended December 2022, inviting institutional investors and analysts to join.

The conference material can be accessed live in Japanese from our website (Investor Relations section) at the following URL:

<https://www.mitsubishicorp.com/jp/ja/ir/index.html>

Time and date of the earnings conference online:

From 17:15 to 18:15 on Friday, February 3, 2023 (JST)

## 1. Qualitative Information

(Profit for the period, as used hereinafter, refers to profit for the period attributable to owners of the Parent.)

### (1) Results of Operations

Revenues was ¥16,284.5 billion, an increase of ¥3,913.4 billion, or 32% year over year. This was mainly due to increased market prices and transaction volumes.

Gross profit was ¥1,916.2 billion, an increase of ¥448.3 billion, or 31% year over year, mainly due to increased market prices in the Australian metallurgical coal business and increased sales volumes in the Automotive-related business.

Selling, general and administrative expenses was ¥1,171.1 billion, an increase of ¥127.2 billion, or 12% year over year, mainly due to the depreciation of the Japanese yen in relation to foreign currency translation.

Gains on investments increased ¥121.9 billion, or 385% year over year, to ¥153.6 billion, mainly due to gain on sale of an investment in a real estate management company.

Other income (expense)-net decreased ¥26.4 billion, or 97% year over year, to an income amount of ¥0.9 billion, mainly due to fluctuations in evaluation profit on biological assets.

Finance income decreased ¥10.9 billion, or 8% year over year, to ¥129.7 billion, mainly due to decreased dividend income from resource-related investments.

Finance costs increased ¥41.6 billion, or 119% year over year, to ¥76.5 billion, mainly due to higher U.S. dollar interest rates.

Share of profit of investments accounted for using the equity method increased ¥75.2 billion, or 24% year over year, to ¥393.4 billion, mainly due to increased equity earnings resulting from higher natural gas and crude oil prices.

As a result, profit before tax increased ¥437.7 billion, or 48% year over year, to ¥1,344.3 billion.

Accordingly, profit for the period increased ¥311.0 billion, or 48% year over year, to ¥955.8 billion.

## **(2) Financial Position**

Total assets at December 31, 2022 was ¥22,573.7 billion, an increase of ¥661.7 billion, or 3%, from March 31, 2022.

Current assets was ¥9,486.3 billion, a decrease of ¥44.7 billion, or 0%, from March 31, 2022.

Non-current assets was ¥13,087.4 billion, an increase of ¥706.4 billion, or 6%, from March 31, 2022.

This was mainly due to an increase in investments accounted for using the equity method attributable to an increase in equity earnings and the depreciation of the Japanese yen in relation to foreign currency translation.

Total liabilities was ¥13,633.4 billion, a decrease of ¥421.4 billion, or 3%, from March 31, 2022.

Current liabilities was ¥7,354.5 billion, an increase of ¥36.7 billion, or 1%, from March 31, 2022.

Non-current liabilities was ¥6,278.9 billion, a decrease of ¥458.1 billion, or 7%, from March 31, 2022. This was mainly due to a decrease in bonds and borrowings due to the transfer of long-term borrowings to current portion of long-term borrowings.

Total equity was ¥8,940.4 billion, an increase of ¥1,083.2 billion, or 14%, from March 31, 2022.

Equity attributable to owners of the Parent was ¥7,925.4 billion, an increase of ¥1,045.2 billion, or 15%, from March 31, 2022. This was mainly due to an increase in retained earnings accumulated by profit for the period and exchange differences on translating foreign operations resulting from the depreciation of the Japanese yen.

Non-controlling interests increased ¥38.1 billion, or 4%, from March 31, 2022, to ¥1,015.0 billion.

Net interest-bearing liabilities (excluding lease liabilities), which is gross interest-bearing liabilities minus cash and cash equivalents and time deposits, decreased ¥513.9 billion, or 13%, from March 31, 2022, to ¥3,425.8 billion.

## **(3) Cash Flows**

Cash and cash equivalents at December 31, 2022 was ¥1,534.1 billion, a decrease of ¥21.5 billion from March 31, 2022.

### **(Operating activities)**

Net cash provided by operating activities was ¥1,425.0 billion, mainly due to cash flows from operating transactions and dividend income, as well as decreases in working capital requirements, despite the payment of income taxes.

### **(Investing activities)**

Net cash used in investing activities was ¥140.3 billion. The main uses of cash were payments for the purchase of property, plant and equipment and investments and loans to affiliated companies, which exceeded inflows from the sale of an investment in a real estate management company and the sales of investments in affiliated companies.

Main items (Segments) included in investing cash flows were as follows.

New/Sustaining Investments

- Copper business (Mineral Resources)
- European integrated energy business (Power Solution)

- Overseas power business (Power Solution)
- Australian metallurgical coal business (Mineral Resources)
- North American real estate business (Urban Development)
- Convenience store business (Consumer Industry)
- LNG-related business (Natural Gas)
- Investment in an energy infrastructure company (Industrial Infrastructure)
- North American shale gas business (Natural Gas)

#### Sales and Collection

- Investment in a real estate management company (Urban Development)
- North American shale gas business (Natural Gas)
- Aluminum smelting business (Mineral Resources)
- Asian renewable energy business (Power Solution)
- Integrated engineering business (Industrial Infrastructure)
- Overseas water business (Power Solution)

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥1,284.7 billion.

#### **(Financing activities)**

Net cash used in financing activities was ¥1,324.3 billion. The main uses of cash were repayments of debts, payments of dividends, repayments of lease liabilities and the acquisition of treasury stock.

The dividends were paid in compliance with the shareholder returns policy of progressive dividends in line with sustained profit growth. The acquisition of treasury stock was carried out in order to optimize total payout ratio, as well as its capital structure. Regarding financing through debt, the policy is to maintain debts at an appropriate level in light of liquidity and financial soundness.

In addition to the aforementioned operating cash flows for financial accounting purpose, in order to present the source of funds for future investments and shareholder returns appropriately, Mitsubishi Corporation defined “Underlying operating cash flows (after repayments of lease liabilities)”, which is operating cash flows excluding changes in working capitals whilst including repayments of lease liabilities which are necessary in the ordinary course of business activities, and “Adjusted free cash flows”, which is the sum of “Underlying operating cash flows (after repayments of lease liabilities)” and investing cash flows.

Underlying operating cash flows (after repayments of lease liabilities) was positive ¥1,012.3 billion.

As a result, Adjusted free cash flows was positive ¥872.0 billion.

#### **(4) Forecasts for the Year Ending March 2023**

Based on the strong progress in the first nine months of the year and a favorable start to the fourth quarter, the forecast for the year ending March 2023 has been revised as follows.

#### **Consolidated Forecast for the Year Ending March 2023 (April 1, 2022 to March 31, 2023)**

(Billions of Yen)

	Previous full-year forecast (November 8, 2022) (A)	Revised full-year forecast (B)	Change (B-A)	Change (%)
Profit attributable to owners of the Parent	1,030.0	1,150.0	120.0	12%

#### Note:

Earnings forecast and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Therefore, they do not constitute a guarantee that they will be achieved. Actual results may differ materially from these statements for various reasons.

## 2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position  
March 31, 2022 and December 31, 2022

ASSETS	Millions of Yen	
	March 31, 2022	December 31, 2022
Current assets		
Cash and cash equivalents	1,555,570	1,534,084
Time deposits	147,878	146,662
Short-term investments	7,000	3,022
Trade and other receivables	4,283,171	4,427,251
Other financial assets	774,833	520,745
Inventories	1,776,616	1,788,547
Biological assets	98,268	110,547
Advance payments to suppliers	99,671	149,659
Assets classified as held for sale	202,157	167,968
Other current assets	585,881	637,839
Total current assets	9,531,045	9,486,324
Non-current assets		
Investments accounted for using the equity method	3,502,881	4,070,608
Other investments	1,957,880	1,764,510
Trade and other receivables	829,686	979,037
Other financial assets	218,701	195,823
Property, plant and equipment	2,784,039	3,012,996
Investment property	94,399	92,516
Intangible assets and goodwill	1,221,568	1,216,376
Right-of-use assets	1,520,536	1,503,183
Deferred tax assets	53,548	44,525
Other non-current assets	197,729	207,830
Total non-current assets	12,380,967	13,087,404
<b>Total</b>	<b>21,912,012</b>	<b>22,573,728</b>



LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2022	December 31, 2022
Current liabilities		
Bonds and borrowings	1,603,420	1,657,089
Trade and other payables	3,382,112	3,709,789
Lease liabilities	253,519	236,349
Other financial liabilities	884,112	525,643
Advances from customers	238,656	274,320
Income tax payables	169,827	165,187
Provisions	92,154	89,360
Liabilities directly associated with assets classified as held for sale	9,585	8,992
Other current liabilities	684,448	687,747
Total current liabilities	7,317,833	7,354,476
Non-current liabilities		
Bonds and borrowings	4,039,749	3,449,494
Trade and other payables	47,814	69,674
Lease liabilities	1,338,788	1,335,985
Other financial liabilities	218,053	265,698
Retirement benefit obligation	127,394	127,734
Provisions	280,633	317,359
Deferred tax liabilities	643,862	666,613
Other non-current liabilities	40,714	46,319
Total non-current liabilities	6,737,007	6,278,876
Total liabilities	14,054,840	13,633,352
Equity		
Common stock	204,447	204,447
Additional paid-in capital	226,483	227,013
Treasury stock	(25,544)	(95,122)
Other components of equity		
Other investments designated as FVTOCI	511,059	351,408
Cash flow hedges	(121,321)	7,849
Exchange differences on translating foreign operations	880,674	1,337,593
Total other components of equity	1,270,412	1,696,850
Retained earnings	5,204,434	5,892,188
Equity attributable to owners of the Parent	6,880,232	7,925,376
Non-controlling interests	976,940	1,015,000
Total equity	7,857,172	8,940,376
<b>Total</b>	<b>21,912,012</b>	<b>22,573,728</b>

(2) Condensed Consolidated Statement of Income  
for the nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenues	12,371,138	16,284,544
Cost of revenues	(10,903,211)	(14,368,355)
Gross profit	1,467,927	1,916,189
Selling, general and administrative expenses	(1,043,869)	(1,171,143)
Gains (losses) on investments	31,721	153,571
Gains (losses) on disposal and sale of property, plant and equipment and others	8,305	3,554
Impairment losses on property, plant and equipment, intangible assets, goodwill and others	(8,649)	(5,404)
Other income (expense)-net	27,318	945
Finance income	140,568	129,675
Finance costs	(34,946)	(76,503)
Share of profit (loss) of investments accounted for using the equity method	318,185	393,389
Profit (loss) before tax	906,560	1,344,273
Income taxes	(196,367)	(319,093)
Profit (loss) for the period	710,193	1,025,180
Profit (loss) for the period attributable to:		
Owners of the Parent	644,768	955,759
Non-controlling interests	65,425	69,421
	710,193	1,025,180
Profit (loss) for the period attributable to Owners of the Parent per share (in Yen)		
Basic	436.77	652.97
Diluted	435.28	650.18

(3) Condensed Consolidated Statement of Comprehensive Income  
for the nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss) for the period	710,193	1,025,180
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the period:		
Gains (losses) on other investments designated as FVTOCI	(302)	(128,018)
Remeasurement of defined benefit pension plans	54	57
Share of other comprehensive income (loss) of investments accounted for using the equity method	(4,051)	(13,057)
Total	(4,299)	(141,018)
Items that may be reclassified to profit or loss for the period:		
Cash flow hedges	(61,362)	45,184
Exchange differences on translating foreign operations	111,473	316,150
Share of other comprehensive income (loss) of investments accounted for using the equity method	69,904	250,071
Total	120,015	611,405
Total other comprehensive income (loss)	115,716	470,387
Total comprehensive income (loss)	825,909	1,495,567
Comprehensive income (loss) attributable to:		
Owners of the Parent	761,718	1,405,719
Non-controlling interests	64,191	89,848
	825,909	1,495,567

(4) Condensed Consolidated Statement of Changes in Equity  
for the nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Common stock:		
Balance at the beginning of the period	204,447	204,447
Balance at the end of the period	204,447	204,447
Additional paid-in capital:		
Balance at the beginning of the period	228,552	226,483
Compensation costs related to share-based payment	1,889	1,601
Sales of treasury stock upon exercise of share-based payment	(308)	(1,064)
Equity transactions with non-controlling interests and others	(3,521)	(7)
Balance at the end of the period	226,612	227,013
Treasury stock:		
Balance at the beginning of the period	(26,750)	(25,544)
Sales of treasury stock upon exercise of share-based payment	711	2,698
Purchases and sales-net	(8)	(116,737)
Cancellation	—	44,461
Balance at the end of the period	(26,047)	(95,122)
Other components of equity:		
Balance at the beginning of the period	784,685	1,270,412
Other comprehensive income (loss) attributable to owners of the Parent	116,950	449,960
Transfer to retained earnings	(22,594)	(23,522)
Balance at the end of the period	879,041	1,696,850
Retained earnings:		
Balance at the beginning of the period	4,422,713	5,204,434
Cumulative effects of change in accounting policy	—	(17,003)
Adjusted balance at the beginning of the period	4,422,713	5,187,431
Profit (loss) for the period attributable to owners of the Parent	644,768	955,759
Cash dividends paid to owners of the Parent	(203,737)	(228,829)
Sales of treasury stock upon exercise of share-based payment	(180)	(1,234)
Cancellation of treasury stock	—	(44,461)
Transfer from other components of equity	22,594	23,522
Balance at the end of the period	4,886,158	5,892,188
Equity attributable to owners of the Parent	6,170,211	7,925,376
Non-controlling interests:		
Balance at the beginning of the period	924,743	976,940
Cash dividends paid to non-controlling interests	(46,513)	(53,722)
Equity transactions with non-controlling interests and others	13,799	1,934
Profit (loss) for the period attributable to non-controlling interests	65,425	69,421
Other comprehensive income (loss) attributable to non-controlling interests	(1,234)	20,427
Balance at the end of the period	956,220	1,015,000
Total equity	7,126,431	8,940,376
Comprehensive income (loss) attributable to:		
Owners of the Parent	761,718	1,405,719
Non-controlling interests	64,191	89,848
Total comprehensive income (loss)	825,909	1,495,567

(5) Condensed Consolidated Statement of Cash Flows  
for the nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Operating activities:		
Profit (loss) for the period	710,193	1,025,180
Adjustments to reconcile profit (loss) for the period to net cash provided by (used in) operating activities:		
Depreciation and amortization	404,935	428,234
(Gains) losses on investments	(31,721)	(153,571)
(Gains) losses on property, plant and equipment, intangible assets, goodwill and others	344	1,850
Finance (income) -net of finance costs	(105,622)	(53,172)
Share of (profit) loss of investments accounted for using the equity method	(318,185)	(393,389)
Income taxes	196,367	319,093
Changes in trade receivables	(643,659)	(68,766)
Changes in inventories	(214,896)	(73,197)
Changes in trade payables	478,072	250,654
Other-net	(120,251)	70,327
Dividends received	366,885	367,676
Interest received	59,128	83,967
Interest paid	(47,536)	(87,945)
Income taxes paid	(111,703)	(291,901)
Net cash provided by (used in) operating activities	622,351	1,425,040
Investing activities:		
Payments for property, plant and equipment and others	(295,493)	(335,910)
Proceeds from disposal of property, plant and equipment and others	20,692	14,463
Purchases of investments accounted for using the equity method	(117,931)	(125,522)
Proceeds from disposal of investments accounted for using the equity method	177,200	231,515
Acquisitions of businesses-net of cash acquired	(38,159)	(23,916)
Proceeds from disposal of businesses-net of cash divested	12,033	142,523
Purchases of other investments	(18,790)	(28,370)
Proceeds from disposal of other investments	101,318	84,276
Increase in loans receivable	(59,386)	(141,074)
Collection of loans receivable	41,982	30,745
Net (increase) decrease in time deposits	(3,818)	10,949
Net cash provided by (used in) investing activities	(180,352)	(140,321)
Financing activities:		
Net increase (decrease) in short-term debts	76,088	(237,367)
Proceeds from long-term debts	709,047	173,804
Repayments of long-term debts	(681,742)	(639,162)
Repayments of lease liabilities	(208,595)	(227,327)
Dividends paid to owners of the Parent	(203,737)	(228,829)
Dividends paid to non-controlling interests	(46,513)	(53,722)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(16,226)	(14,502)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	20,822	19,886
Net (increase) decrease in treasury stock	(9)	(117,104)
Net cash provided by (used in) financing activities	(350,865)	(1,324,323)
Effect of exchange rate changes on cash and cash equivalents	16,810	18,118
Net increase (decrease) in cash and cash equivalents	107,944	(21,486)
Cash and cash equivalents at the beginning of the period	1,317,824	1,555,570
Cash and cash equivalents at the end of the period	1,425,768	1,534,084

### 3. Changes in Accounting Policies and Accounting Estimates

The significant accounting policies applied to the condensed consolidated financial statements for the nine months ended December 2022 are identical to those for the previous fiscal year, except for the following:

#### New standards and interpretations applied

Standards and interpretations	Outline
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amended)	Clarification of costs to consider in assessing whether a contract is onerous

#### IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amended)

The Company has applied IAS 37 (Amended) from the first three months of the fiscal year ending March 2023. In accordance with transitional provisions, the Company has adopted the method of recognizing the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the year ending March 2023.

The amount of retained earnings decreased by ¥17,003 million (the amount of provisions increased by ¥20,486 million, and deferred tax assets increased by ¥3,483 million) as adjustments of the beginning balance of retained earnings on the date of initial application.

Due to the amendment of IAS 37, the cost of fulfilling a contract comprises costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- (a) the incremental costs of fulfilling that contract such as direct labor and materials; and
- (b) an allocation of other costs that relate directly to fulfilling contracts such as an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

The Company is required to recognize provisions when the costs of fulfilling a contract exceed the economic benefits of the contract, in which contract is considered onerous.

Before the amendment of IAS 37, the Company had included only (a) the incremental costs of fulfilling a contract as costs that relate directly to the contract, therefore, a part of contracts in LNG sales business required recording additional provisions along with the initial application of IAS 37 (Amended).

Except standards and interpretations outlined above, the adoption of new standards and interpretations had no significant impact on the condensed consolidated financial statements for the nine months ended December 2022.

The significant changes in accounting estimates in the condensed consolidated financial statements for the nine months ended December 2022 are as follows.

#### Impact of the Russia-Ukraine Situation

Regarding the impact of the Russia-Ukraine situation as shown in the economic forecasts issued by public institutions, the global economic growth is expected to be under downward pressure due to inflation. Specifically, while the situation escalates, financial and economic sanctions imposed by major countries against Russia and countermeasures taken by Russia in response, such as restrictions

on international cross border remittances and export controls, etc., are likely to remain in place and target an even broader range of items, resulting in restrictions on the supply of goods as well as inflation induced by energy price surges and other factors.

Under these circumstances, the direct and indirect impact of this situation will vary by Company's business segments and regions it operates. The assumptions made by the Company are based on a projection that the impact will remain in place until at least March 31, 2023. It is assumed that it will take time to lift financial and economic sanctions, lift restrictions on international remittances, resolve unforeseen supply situation and normalize trade and supply chains.

The Company's main business in Russia consist of financial service business in the Automotive & Mobility segment and investment in the LNG-related business in the Natural Gas segment. As of December 31, 2022, the carrying amount of total assets related to the Company's business in Russia amount to ¥166,982 million (of which, the balance of cash and cash equivalents was ¥48,888 million). The Company reflected the assumptions discussed above in the valuation of these assets.

(LNG-related business in Russia)

The Company holds a 10% ownership interest in Sakhalin Energy Investment Company ("SEIC"), which has been engaged in LNG-related business in Russia, and accounts for this investment as other investments (financial asset measured at FVTOCI). Based on the Russian Federation Presidential Decree issued on June 30, 2022 (No. 416) and the Governmental Resolution issued on August 2, 2022 (No. 1369), a new company, Sakhalin Energy LLC ("SELLC") was established to take over the operation of this LNG-related business, and the rights and obligations of SEIC were transferred to SELLC. The Company submitted its notice to continue ownership in the LNG-related business to the Russian government and received approval on August 31, 2022. As a result, the Company continues to hold a 10% ownership interest in the LNG-related business, however, the details related to the operation of SELLC, including the terms of the LLC Members agreement, will need to be discussed once the LLC Members composition of SELLC will be determined. As such, there remains uncertainty surrounding this investment. Since the Company continues to invest in the LNG-related business, the investment in SELLC is accounted as other investments (financial asset measured at FVTOCI), with no gains or losses recognized in profit (loss) to the initial recognition of the investment in SELLC. In addition, the other components of equity recognized in SEIC continues to be recognized as equity components under SELLC.

Under these circumstances, the Company continues to measure the fair value of this investment with the income approach using the probability-weighted average expected present value technique. While the Company anticipates receiving dividends from the investment in SELLC over the project life, taking into account other scenarios, the Company measured the fair value (Level 3) for this investment at ¥64,654 million and consequently recorded a ¥78,741 million decrease (before tax) in other comprehensive income (loss) in the nine months ended December 31, 2022.

The Company is currently working to respond to the situation in consultation with the Japanese government and the project partners, and there is a possibility that the fair value may increase or decrease depending on the future circumstances. However, any potential changes in fair value will be recognized in other comprehensive income (loss) and will therefore have no impact on net profit or loss.

#### **4. Notes Concerning Going Concern Assumption**

None