**IR Meeting for FY March 2024 (April 2023-March 2024) Financial Results**
**10:00-11:30 Tuesday May 7, 2024**

Good morning, I'm Kenichi Hori, CEO.
Thank you for joining us today.

As we enter the second year of the Medium-term Management Plan 2026, I want to touch on the results of the first year, as our management policy and the progress of our business plan. Then, I will hand over to Masao Kurihara, General Manager of the Global Controller Division, who will speak on the results for FY March 2024 and the business plan for FY March 2025 in more detail.

**[Entering the Second Year of the MTMP]**
In the current Medium-term Management Plan, or MTMP, we will continue to provide value through global and cross-industry business development, leveraging our strengths.

Our track record in terms of business performance is as follows. Both Core Operating Cash Flow, or COCF, and profit were at the 1 trillion yen level, following on from the previous fiscal year. Although this was partially impacted by foreign exchange, commodity prices, and other such factors, broadly speaking, this profit level was achieved as various initiatives including integrated risk management, capturing upside in response to the business environment, addressing downside risk, and focusing on the *middle game*, which leads to the improvement of our existing businesses, were executed to a certain standard. In addition to the fact that Mitsui has been able to capitalize on changes in the external environment, such as fluctuations in commodity prices and exchange rates, as well as changes in the supply chain, base profit - which excludes these factors - has steadily grown. As a result of this accumulation, Mitsui's balance sheet has become even stronger and has ample reserve.

Our portfolio is balanced and well-diversified in both developed and emerging countries, with a business base built up over many years by forming relationships and businesses with industry leading partners worldwide, making us highly resilient to various changes in the operating environment. We work with partners around the world to create value in order to provide global and cross-industry *real* *solutions* to complex social issues on a global scale. Regarding growth investments, the pipeline of projects that we have been continuously enhancing is being dynamically reconfigured as we are constantly reviewing priorities, and we have been accumulating investments that are strategically handpicked by management. We will continue to execute investments with an eye on striking a balance between near term earnings contribution and a long term earnings base.

Our track record and business portfolio are supported by functions and organizational structures that we have refined over many years. We are able to appropriately pursue global and cross-industry initiatives because we have deepened our global matrix structure in which business lines and regional lines intersect. We have done this over the past two decades by refining our functions, including trading, finance, business building capabilities, and advanced risk management that supports growth. In addition, we are constantly reviewing and evolving Mitsui's governance structure.

**[Capital Allocation (P5)]**

Our cash generation capability, which stands on the foundation of everything I just mentioned, has steadily expanded in comparison with the previous MTMP, in which we achieved good results. Cash inflows are expected to increase to approximately 4.2 trillion yen as a result of COCF continuing at an annual level of 1 trillion yen and accelerated asset reconfiguration. Against a backdrop of strong cash inflows, we will allocate capital with a good balance between carefully selected growth investments and shareholder returns, and will increase allocation in both of these areas. We expect total cash outflows of over 3.7 trillion yen during the current MTMP period, but even under this assumption, we will still have excess cash and a balance sheet with ample reserve.

**[Industrial Business Solutions (P6)]**)

I will now talk about the key actions for this fiscal year in the three Key Strategic Initiatives of the current MTMP. During the three years of the MTMP period, we expect growth investments totaling 1.8 trillion yen for the three Key Strategic Initiatives. This figure is excluding approximately 700 billion yen in investments for sustaining existing projects.

First, in Industrial Business Solutions, we expect 800 billion yen in growth investments. We are working diligently on large-scale promising deals that will further solidify our long-term stable and sustainable earnings base and add very attractive upside potential to our portfolio.

**[Global Energy Transition (P7)]]**

Next, in Global Energy Transition, we expect growth investments of 600 billion yen. We will contribute to the stable supply of energy by further expanding our stable earnings base with natural gas and LNG as the core, which will play an important role as transition fuel in realizing a decarbonized society. While ensuring profitability, we will continue to build a portfolio of next-generation fuels such as ammonia and methanol, as well as decarbonization-related businesses. As announced last week, the sale of the Paiton coal-fired power generation business has been completed. We expect a gain on sale of approximately 44 billion yen and a cash inflow of approximately 109 billion yen in the first quarter of FY March 2025. We also completed the sale of the coal-fired power generation business in China in March. We will continue to proceed with measures towards the transition to a decarbonized society.

**[Wellness Ecosystem Creation (P8)]]**

Finally, growth investments in Wellness Ecosystem Creation are expected to be 400 billion yen. We will work towards a business cluster strategy that strengthens the competitiveness of our core businesses and captures market growth and needs, with a focus on protein, nutrition, and wellness. In the protein area in particular, we will focus on chicken and shrimp, and will accelerate the strengthening of competitiveness of the newly acquired businesses and the creation of synergies between them.

**[Shareholder Returns and Share Split (P9)]**

I will now talk about shareholder returns and the share split. We decided to conduct a two-for-one share split with June 30 set as the record date.

With regard to shareholder returns, we have decided to raise the minimum full-year dividend per share based on our progressive dividend policy for the MTMP2026 period. This will be an increase of 30 yen per share from FY March 2025, up from the previous 170 yen per share to 200 yen per share, which are pre-share split based figures. On a post-share split basis, the annual dividend will be 100 yen per share. In addition, based on an increase in cash inflows which includes the execution of large-scale asset sales, we have decided to make new share repurchases of up to 200 billion yen.

As a result of these enhancements, shareholder returns as a percentage of COCF on a three-year cumulative basis would already exceed the target of around 37% and we now expect this level to exceed 40%.

Next, I will give a summary of the results for FY March 2024 and the business plan for FY March 2025 in the context of progress made in MTMP2026.

**[FY March 2024 Results and FY March 2025 Business Plan (P11)]**

The results for FY March 2024 and the plan for FY March 2025 are shown on this slide. COCF has reached the level of 1 trillion yen for three consecutive fiscal years, and we will continue to generate cash at the same level in FY March 2025. It was against the backdrop of such strong and continuous cash flow, that we have decided to increase shareholder returns, as I mentioned earlier.

**[Cash Flow Allocation (Results) (P12)]**

In this section I will discuss cash flow allocation for FY March 2024.

Cash inflows for the period was 1 trillion 533 billion yen, comprising COCF and asset recycling. Cash outflows included 968 billion yen in investments and shareholder returns of 377 billion yen, for a total of 1 trillion 345 billion yen.

**[Cash Flow Allocation (Forecast) (P13)]**

During the current MTMP period, cash inflows are expected to increase to approximately 4.2 trillion yen due to an increase in COCF and asset recycling. As a result, the Management Allocation will increase to 1 trillion 750 billion yen, compared with 1 trillion 130 billion yen at the time of the initial announcement of the MTMP.

Of the expanded Management Allocation, we will allocate 770 billion yen to investments, and 420 billion yen to shareholder returns, totaling 1 trillion 190 billion yen. Even under this assumption, Management Allocation will be 560 billion yen, and we will continue to further enhance both growth investments and shareholder returns, also keeping in mind the ample reserve of the balance sheet that we bolstered during the previous MTMP.

**[Progress in Enhancement of Base Profit (P14)]**

Next, I will explain the progress on enhancement of base profit as laid out in the MTMP.

Adjusting for commodity prices and exchange rates to the assumptions for FY March 2026 at the time of the MTMP announcement, base profit, which is calculated as profit excluding one-time and other factors is planned to expand by 170 billion yen over the three years of the MTMP.

Looking at the cross-section for FY March 2024, across the three areas, we see a total of 55 billion yen in expansion of base profit.

For those businesses that have shown sluggish performance due to the operating environment or have struggled in turning the business around, we have already taken action to improve profitability.

FY March 2026 profit outlook from new projects through investments that have been executed or in which decisions have been made, has accumulated to more than 40 billion yen as of now.
Collectively, these factors indicate that we are on track to achieve our planned enhancement of base profit.

**[Timing of Earnings Contribution from New Projects (P15)]**

Earnings contribution from new projects has started as planned. There are new projects expected to start contributing to earnings in FY March 2025, following on from FY March 2024. In addition, careful selection of projects in the pipeline is progressing, and there are new projects expected to quickly start contributing to earnings during the current MTMP.

**[Initiatives to Enhance Corporate Value (P16)]**
Finally, in FY March 2025, we will continue to pursue management aimed at improving ROE and corporate value. We will focus on strengthening our core businesses, reducing loss-making businesses, executing selected growth investments and accelerating strategic recycling as priority measures to both improve current profitability and build a long-term earnings base.

That completes my part of the presentation today. Now I will hand over to Masao Kurihara, General Manager of the Global Controller Division, who will speak on the consolidated operating results for FY March 2024 and the business plan for FY March 2025 in more detail.

= Global Controller section =
**[Operating Results]**
I am Masao Kurihara, General Manager of the Global Controller Division.
I will now provide details of our operating results for FY March 2024 and the business plan for FY March 2025.

**[FY March 2024 Core Operating Cash Flow (Results):**
**YoY Segment Comparison (P18)]**
First, I will explain the main changes in COCF by segment compared to the previous fiscal year.
In FY March 2024, COCF decreased by 209.7 billion yen to 995.8 billion yen.

In Mineral & Metal Resources, COCF decreased by 27.6 billion yen to 409.1 billion yen mainly due to the decline in metallurgical coal prices and the decrease in dividend income from associated companies.

In Energy, COCF decreased by 171.8 billion yen to 247.8 billion yen, mainly due to lower crude oil and gas prices, lower earnings in LNG trading and production decrease in some LNG and crude oil upstream projects.

In Machinery & Infrastructure, COCF decreased by 6 billion yen to 176.9 billion yen, mainly due to an increase in taxes associated with asset recycling.

In Chemicals, COCF decreased by 26.1 billion yen to 63.4 billion yen mainly due to a fall in the prices of fertilizers, fertilizer raw materials, and feed additives.

In Iron & Steel Products, COCF decreased by 9.5 billion yen to 8.5 billion yen, mainly due to a decrease in dividend from associated companies.

In Lifestyle, COCF increased by 9.1 billion yen to 40.2 billion yen, mainly due to increase in dividend from associated companies and the swing-back of the loss in coffee trading recorded in the same period of the previous fiscal year.

In Innovation & Corporate Development, COCF decreased by 1.2 billion yen to 45.4 billion yen.

Other factors, such as expenses, interest, taxes, etc., which are not allocated to business segments, totaled 4.5 billion yen.

**[FY March 2024 Profit (Results): YoY Segment Comparison (P19)]**
Next, I will explain the FY March 2024 main changes in profit by segment compared to the previous fiscal year.
Profit decreased by 66.9 billion yen to 1 trillion 63.7 billion yen.

In Mineral & Metal Resources, profit decreased by 103.7 billion yen to 335.1 billion yen due to decrease in profit contribution following the sale of SMC, a metallurgical coal business in Australia, in the third quarter of the previous fiscal year, and the fall in prices of metallurgical coal.

In Energy, while a one-time profit was recorded, profit decreased by 27.7 billion yen to 281.7 billion yen, mainly due to lower crude oil and gas prices, a decrease in LNG trading, and a production decrease in some LNG and crude oil upstream projects.

In Machinery & Infrastructure, although there were impairment losses for the renewable energy business and the Brazilian railway business, profit increased by 76.8 billion yen to 248.7 billion yen mainly due to the gain on sale of a European locomotive leasing business and multiple power generation businesses, and good performance of multiple businesses such as ships, VLI, and industrial and construction machinery.

In Chemicals, profit decreased by 31.7 billion yen to 39.2 billion yen mainly due to a decrease in profit from trading, and a fall in prices of fertilizers, fertilizer raw materials, and feed additives.

In Iron & Steel Products, profits decreased by 11.3 billion yen to 11.2 billion yen, mainly due to an impairment loss in an associated company and lower demand.

In Lifestyle, although there was a valuation loss on put options, profits increased by 39.3 billion yen to 94.1 billion yen, mainly due to fair value gain of Aim Services and profit recorded due to asset recycling.

In Innovation & Corporate Development, although a fair value gain associated with the integration of Altius Link was recorded, profits decreased by 12.9 billion yen to 53.8 billion yen, mainly due to a year-on-year decrease in profit from asset sales and a decline in profit from commodity derivatives trading due to the good performance recorded in the previous fiscal year.

Other factors, such as expenses, interest, taxes, etc., which are not allocated to business segments, totaled -0.1 billion yen.

**[FY March 2024 Profit: YoY Factor Comparison (P20)]**
This page shows the main factors influencing changes in FY March 2024 profit vs the previous fiscal year.

<u>Base profit</u> decreased by approximately 87 billion yen. Although there was an increase in LNG dividends and there were performance improvements mainly in the power generation business and the automotive business in the Americas, there was a decrease in trading profit mainly in LNG, chemicals and grain, an increase in interest expenses, and a decrease in profit contribution following the sale of SMC in the previous fiscal year.

<u>Resources costs/volume</u> resulted in a decrease of approximately 76 billion yen mainly due to a production decrease in some LNG and crude oil upstream

projects, increase in depreciation and exploration cost in energy upstream projects, and increase in fuel and labor costs in the mineral and metal resources projects.

Asset recycling resulted in an increase of approximately 100 billion yen mainly due to MRCE, a European locomotive leasing business, the realization of energy related foreign exchange, and gains on the sale of real estate and the US Kaikias oil field.

In commodity prices and forex, profit decreased by approximately 46 billion yen. For commodity prices, profit decreased by approximately 83 billion yen due to lower crude oil and gas prices, and 24 billion yen due to a fall in metallurgical coal prices in Mineral & Metal Resources, which resulted in a decrease of approximately 107 billion yen in total. For forex, profit increased by 61 billion yen mainly due to the weaker yen.

Valuation gain/loss increased approximately 42 billion yen, mainly due to gains on the reversal of asset retirement obligations in the Energy segment and a fair value gain from the revaluation of Aim Services, despite impairment losses on several projects.

**[Balance Sheet as of end-March 2024 (P21)]**
Now let's take a look at the balance sheet as of the end of FY March 2024.

Compared to the end of FY March 2023, net interest-bearing debt increased by approximately 0.2 trillion yen to 3.4 trillion yen. Meanwhile, shareholder equity increased by approximately 1.1 trillion yen to 7.5 trillion yen. As a result, net DER fell to 0.45x.

**[FY March 2025 Business Plan: Core Operating Cash Flow YoY Segment Comparison (P22)]**
The business plan for FY March 2025 for COCF is shown for each segment. Although COCF is expected to decrease from the previous year in the Mineral & Metal Resources and Machinery & Infrastructure segments, we plan to achieve 1 trillion yen, the same amount as the previous year, due to steady accumulation in other segments, mainly in the Energy segment.

**[FY March 2025 Business Plan: Profit YoY Segment Comparison (P23)]**
This is the business plan for profit by segment for FY March 2025.
Our plan shows a decrease in profit by 163.7 billion yen from the previous year to 900 billion yen, mainly due to the absence of the one-time gain recorded in the Energy segment in the previous year.

**[FY March 2025 Business Plan: Profit YoY Factor Comparison (P24)]**
Page 24 shows a comparison of plan for FY March 2025 and the results for FY March 2024, with a summary of the factors involved.

For base profit, in addition to strengthening and turnarounds of existing businesses mainly in affiliated companies of Lifestyle, Chemicals, and Iron & Steel Products segments, we expect new businesses including those in protein, mobility and functional food ingredients to start contributing to profit. However, we expect a profit decrease of about 11 billion yen mainly due to decreased profits in LNG trading and mobility businesses.

For resources costs/volume, we plan on a decrease of approximately 19 billion yen, due to increases in operating costs mainly in energy upstream businesses.

As for asset recycling for FY March 2025, while we expect approximately 78 billion yen from asset sales, including the sale of the Paiton power generation business and the partial sale of VLI, we plan for a decrease of approximately 85 billion yen due to the absence of asset recycling gain recorded in FY March 2024.

Commodity prices/forex is planned to result in a profit decrease of approximately 31 billion yen mainly due to a decrease in iron ore prices.

Finally, for valuation gain/loss and one-time factors, we expect a decrease of approximately 9 billion yen mainly due to the effect of a 20 billion yen burden increase related to an amendment to the retirement benefit system.

That concludes my presentation.