

FY March 2026 First Half (April-September 2025) Financial Results Announcement Q&A Session

Date	November 6, 2025 10:00-11:30 (Thursday)	
Speakers	Kenichi Hori	Representative Director, President and CEO
	Tetsuya Shigeta	Representative Director, Executive Vice President, CFO
	Masao Kurihara	Managing Officer, General Manager of Global Controller Division
Moderator	Hideaki Konishi	General Manager of Investor Relations Division

Q1

When the Medium-term Management Plan (MTMP) 2026 was announced, the target for FY March 2026 was Core Operating Cash Flow (COCF) of 1 trillion yen and profit of 920 billion yen, but the new forecast is 900 billion yen and 820 billion yen respectively. How do you currently view this, and how will it lead to the new MTMP that will start next fiscal year?

Hori

In the target of 920 billion yen in profit for the third year of the MTMP, increasing our underlying earnings that we call *base profit* by 170 billion yen (based on certain assumptions regarding commodity prices and other factors) was the core part of the plan. We have been strongly committed to this, and we are almost certain to achieve the 170 billion yen increase. Based on simple math the MTMP target should be within reach, but macroeconomic factors such as inflation and interest rates have had a negative impact that exceeds the offsetting effect of foreign exchange. The cost increases due to inflation and interest rates will be absorbed within the business model, but there is a time lag. Furthermore, the up-front costs being incurred for projects that are expected to be highly impactful in the future are now larger than what was assumed at the time the MTMP was formulated. In addition, the sale of assets that were not anticipated when the MTMP was formulated is a negative factor for base profit, and the sum of these factors accounts for the gap you pointed out.

These negative factors are not permanent, and we intend to recover them within the business model over time. We will continue to place importance on firmly achieving the 170 billion yen base profit enhancement.

I anticipate many questions regarding the next MTMP, so allow me to address the following point. We are currently engaged in various discussions, and I must be cautious not to mislead everyone by addressing the direction too early, but the plan is to expand the scale of base profit accumulation, by incorporating organic growth onto the 170 billion yen in the current MTMP. New projects we are currently progressing will also contribute to base profit in the next MTMP. Likewise, new projects to be realized in the next MTMP, combined with the thorough execution of what we call *middle game* initiatives, will elevate base profit. We intend to accurately identify the appropriate profit level and create a growth trajectory that we strongly commit to.

Q2

Including the 200 billion yen in share repurchases announced this time, shareholder returns as a percentage of COCF for the current MTMP is now over 54%, which I view as quite high. However, another way to look at this is shareholder returns as a percentage of total cash inflows, including cash from asset sales, is 36%. Please share your thoughts on improving capital efficiency, also considering the goal of enhancing the target ROE for the next MTMP.

Hori

We will set an appropriate ROE target for the next MTMP after determining the profit and appropriate capital levels within the MTMP discussions.

We are firmly committed to ROE, and we will closely examine the appropriate leverage ratio, being mindful of the effect of share repurchases on improving capital efficiency and per-share metrics.

Regarding leverage, I believe it is better not to state a specific ratio now, as I want to thoroughly assess the management and macro environment right up to the point of announcing the MTMP. We are currently discussing, in the context of the MTMP, how we should think about leverage in order to build a healthy growth path and achieve a firm level of ROE.

Looking at the three-year period, shareholder returns as a percentage of COCF of 54% is significantly higher than initially expected at the start of the MTMP. The shareholder returns policy for the next MTMP is very important, and is currently being discussed. I believe that strong shareholder returns are critical in earning the support of our shareholders, and our management philosophy is based on a virtuous cycle of achieving those returns while firmly completing high-quality projects to increase earnings.

Q3

You mentioned that base profit is accumulating smoothly in both the H1 results and against the plan. Please tell us how confident you are of being able to increase full-year profit in the next fiscal year.

Hori

The enhancement of base profit will be one of the key points in formulating the business plan for the next fiscal year, and we will likely consider it based on a certain level of expected growth.

However, when the business environment is turbulent as it is now, we intend to formulate the business plan based on what will be the most recent quarterly numbers. It is too early to state specific figures for the next fiscal year, but the fundamental idea is that it is crucial to steadily reflect the enhancement of base profit in the business plan while ensuring our ability to respond to changes in the macro environment.

In addition, in asset markets right now, buyers are cautious, and there are cases where the appropriate valuation we seek is not obtainable, making it difficult to formulate the business plan related to the develop and sell portion of the business. We will incorporate base profit enhancement and portfolio reconfiguration into the business plan for the next fiscal year keeping this in mind.

At this time, we are still discussing the assumptions, such as the period covered by the next MTMP and long-term targets, but we intend to proceed with our examination by fully taking into account what I have just mentioned when looking ahead.

We feel that all our business units have consistently captured opportunities so far in the current MTMP, and we intend to further extend this momentum.

Q4

What kind of discussions are you having regarding the portfolio in the context of the new MTMP? By conducting ROIC management I have the impression that Mitsui may concentrate on the resources or Machinery & Infrastructure, but please share the status of discussions regarding whether the overall portfolio will become skewed or if you will aim for diversification to widely capture earnings opportunities.

Hori

Regarding the portfolio, we do not envision a strategy that would lead to an imbalance. The direction of building the portfolio in a balanced manner, with global diversification, along the lines of the three Key Strategic Initiatives, remains unchanged.

The Rhodes Ridge iron ore project stands out, but this is a project that we have been working on for 20 years, so it was a matter of definitively executing when the opportunity came around. While there may be temporary portfolio skewing due to such timing, fundamentally we aim to build a balanced portfolio.

In Mineral & Metal Resources, we have abundant reserves of highly competitive iron ore and copper assets. In Energy, we also hold high-quality natural gas assets that are geographically diversified, and these will continue to be positioned as core high-quality assets for Mitsui.

We have seven business segments, and we intend to systematically manage the portfolio along the three Key Strategic Initiatives, while being mindful of the balance of each.

In the current business environment, there are an increasing number of cases where multiple segments collaborate on project review and decide on whether to push ahead with them. For example, if a business domain spanning four segments is being reviewed and its profit pool is expected to expand in the future, we see a collaborative effort where each segment divides roles with one segment focusing on providing functions and another expanding investment exposure.

In this context, it is important for management to steer the overall course, adjust the balance, and establish a structure where each participant can be held accountable. I believe portfolio adjustment through such a business model, unique to a global

investment and trading company, is fully achievable. We will provide a thorough explanation when we have specific projects to disclose in the future.

Q5

Regarding the timing of earnings contribution from new projects (p.11 of the presentation material), which projects listed for FY March 2027 onward are expected to contribute significantly to earnings? Also, please provide an update on projects such as Rhodes Ridge and Mozambique LNG, that are expected to have a large-scale profit contribution.

Hori

As previously disclosed, Rhodes Ridge is expected to generate COCF of 250 billion yen annually under the 100 million tons per annum production scale. We intend to ramp up to this level as early as possible.

For Mozambique LNG, partners are finalizing the process to resolve the force majeure declaration. The start of production timeline will become clearer after construction resumes following the resolution of the force majeure, at which point we will provide you with more information.

Mozambique LNG has extensive gas reserves, and we have a considerable equity interest, but I will talk about the scale of earnings once there have been further developments. We own highly competitive LNG assets globally, including Mozambique. The Waitsia gas project in Australia and Tatonka in the US, which is expected to have high productivity, are finally close to contributing to earnings, and we will make every effort to make these businesses successful. In parallel, there is room for growth in LNG trading and gas trading in Brazil, and we will further expand these in the future.

We believe we are a first mover in low-carbon ammonia, through the final investment decision in the project in the US, and we are progressing this to capture new demand for co-firing with coal and as a ship fuel. We believe that it is a very promising project and view it as a new development for the ammonia business that Mitsui has been involved in for many years. Since increased ammonia production is necessary to match the growth in demand, we intend to capture that new demand by leveraging the competitiveness of a cleaner ammonia with a lower carbon intensity. This project

should achieve our expected return, and we anticipate a considerable contribution to earnings.

Furthermore, immediately after the COVID-19 pandemic, we made investments as part of Wellness Ecosystem Creation. This involves investments in high-quality protein businesses like chicken, shrimp, and salmon, as well as functional food ingredients with global demand in the field of food science. They are already contributing to our earnings, and we look forward to their expanded contribution in the future.

Q6

Regarding shareholder returns (p.13 of the presentation material), the total payout ratio against profit in the current MTMP is around 57%. The current net D/E ratio is 0.42x, but if you continue to increase retained earnings in the next MTMP, the net D/E ratio may fall further. Please tell us what discussions are currently taking place regarding how free cash flow after shareholder returns should be set up.

Hori

We are constantly monitoring the state of our capital accounts when profit is performing well. We are consciously considering to what extent we should enhance our earnings power in order to present a firm ROE figure, paying attention to capital efficiency improvement and the level of debt utilization. At the same time, we are gathering internal intelligence and progressing discussions while preparing a structure to deal with the risks of the business environment.

We want to clearly present to our stakeholders our capital management and shareholder return policy, which is based on our growth and a commitment to ROE, without compromising management priorities.

We believe it is important not to take excessive risks amid this turmoil, and to maintain a balance while moving forward. In conversations with other CEOs around the globe, I'm constantly having discussions on how to achieve both resilience and be on the offense, all the while remunerating the capital market. We intend to take the points you raised into consideration and finalize our discussions.

In the current MTMP, the initial target for shareholder returns as a percentage of COCF was 37%, but we have brought it up to 54% while flexibly responding to changes in the

business environment. This is the result of our management approach, and we believe that management control which reliably delivers results while adapting to the rapidly changing times is important.

When setting the period for the next MTMP, we will continue to respond flexibly according to the environment, so we may ask for your understanding regarding the securing of management options. I look forward to engaging with stakeholders based on our analysis results in the future.

Q7

Regarding shareholder returns, please also comment on dividends. You have explained that you decide the dividend amount based on the highly recurring portion of earnings. Given that the volatility of current commodity prices has decreased compared to the past, the earnings now are less volatile and so I think can be considered to be highly recurring. Of the current level of earnings, how much would you define as highly recurring?

Hori

If you plot our business performance against the movements of iron ore and crude oil prices, you will clearly see that our earnings volatility is much lower. For instance, in our LNG business, we have projects with a stable earnings structure through the liquefaction tolling model. In Mineral & Metal Resources, we also have infrastructure revenue, which we have carefully worked on for many years. In addition to long-term efforts, we are also reducing costs with the help of the latest AI and computerized control technologies.

Since dividends are based on the highly recurring portion of earnings, we are constantly analyzing this level by increasing the resilience of our earnings. I do not have an exact figure at hand for how much of the full-year forecast of 820 billion yen we can define as highly recurring, but we will discuss internally how to continue with progressive dividends alongside growing the business.

Q8

On page 12 of the presentation material, you explained that you will continue to focus on initiatives for the 170 billion yen base profit enhancement. The cumulative base profit in Mitsui's waterfall chart (factor comparison) is negative, and I think it is important to improve this. While some projects are still being addressed, others have shown results through efficiency improvements and turnarounds. Can we expect the same scale of improvement in the future? Also, regarding the contribution from new projects, many take a long time to start contributing to earnings. Was enough groundwork done in the current MTMP to yield results in the next one to three years?

Hori

I explained that the 170 billion yen base profit enhancement is expected to be achieved, but there are parts affected by macro factors such as interest rates and inflation, and we are working to recover these while adjusting the business model.

Companies that are struggling carry out thorough turnarounds by reconfiguring their business models. Since we work in various domains, we sometimes take in advice from adjacent business areas or implement Mitsui's best practices across the board. We are also more conscious of working to generate additional earnings through trading in peripheral businesses and adjusting the business model after gaining new perspectives through trading.

Moreover, with this amount of change taking place in supply chains, logistics assets become effective. The Chemicals tank terminal business we own in the US and Europe is one example, and we believe that decentralizing production bases, especially to locations with low geopolitical risk, is effective for a turnaround and efficiency improvements.

The earnings contribution from new projects during the current MTMP period is adding up close to about 60 billion yen annually, and we expect organic growth from these in the future, which is how we view the pipeline projects. Inside Japan, we see increased earnings potential after making Aim Services wholly owned, and we also have Nutrinova, food, and protein businesses.

Energy investments often take time, but US shale gas projects contribute to earnings relatively quickly. In the Mobility sector, we have executed multiple bolt-on investments

and are constantly exploring opportunities, such as gradually increasing our stake in the gas distribution business in Brazil which is having an immediate impact to earnings.

Q9

There were impairment losses on Mainstream, so the cumulative exposure seems to have significantly decreased. Mainstream was positioned as a core business for achieving the net-zero target, but in the news there have been reports of reviews in renewable energy businesses at other companies, suggesting a shift in the overall trend. Following these impairments, please summarize your thoughts on the impact to your net-zero initiatives, and your future policy.

Hori

Regarding Mainstream, one lesson learned is that the approach and templates for project creation in the renewable energy business were not adequate to cope with swings in the operating environment. For example, while the inclusion of contractual protection against inflation impact has been improved, there were parts that were difficult to manage, such as profit sharing with the host country and coping with regulations. We are prioritizing projects where we can gain the host country's understanding and anticipate improvements to the template, while also making the decision to hold back on execution for some projects at this time, thereby conducting balance sheet optimization.

The remaining exposure to Mainstream is about 5 billion yen, but we are shifting gears to recover our losses through the transformed portfolio. We are not considering withdrawal from the renewable energy business, as some projects can ensure sufficient earnings through sophisticated structuring and portfolio construction.

The Taiwan offshore wind power project, which we are working on after various lessons learned, is progressing smoothly as scheduled, and the Jirau hydroelectric power plant in Brazil is also running well. We will continue to pursue projects that contribute to climate change mitigation and can generate profit.

As for the future outlook, since we have the capability to verify subsurface formations, we will progress the study of clean molecules that combine carbon capture with ammonia and hydrogen.

We have not changed the net-zero target, and we intend to proceed with the fundamental premise of securing profit while identifying technological and business model innovation. We believe the results of this could be a source of future competitiveness.

Q10

Regarding the strengthening of existing businesses, particularly the *middle game* initiatives (p.12 of the presentation material), which has seen an increase of about 25 to 30 billion yen each fiscal year, can the same level be expected in the next MTMP? Also, what kind of initiatives and achievements have there been in areas such as mobility, chemicals, and Innovation & Corporate Development, and are these being pursued uniformly across Mitsui or individually by each business division?

Hori

I feel that awareness for the *middle game*—the idea of creating change ourselves without being satisfied with the status quo—is increasing. Internally, best practices are shared across diverse fields, and especially in trading, there is mutual sharing and utilization of knowledge on how to construct positions to secure earnings while mitigating risk.

In mobility, we are flexibly responding to changes in the business environment and establishing a stable earnings base by combining new vehicles, used vehicles, leasing, rental, and services. In chemicals, we are sharing operational know-how for tank terminals between locations and offering customers the optimal supply chain bearing in mind the geopolitical risks and the flow of goods. In the broiler business, we are sharing knowledge gained globally and rapidly reflecting information on feed and breeding in operations.

Q11

Regarding the current business environment and risk factors, trade opportunities are increasing due to geopolitical risk, the weak yen, and inflation. How do you view the current situation? Also, what is the risk that you are most concerned about?

Hori

Trade opportunities are increasing in the current business environment. We receive many requests from customers for alternative supply plans and insurance-like supply chain measures, and we are responding by providing alternative supply using storage capacity and risk reduction initiatives.

In LNG trading, where various supply and demand adjustments are required in the market, we own vessels and have specialized teams that respond to customer needs, expanding trading opportunities.

The foundation supporting these activities is integrated risk management. We pay company-wide attention because mishandling could lead to unforeseen risks materializing. Mitsui has maintained an average after-tax profit of over 1 trillion yen for the four years up to FY March 2025, and we have continued stable operations. We intend to further deepen this integrated risk management to maintain this level and reliably capture business opportunities even in a highly volatile environment.

Furthermore, in order to provide optimal options in response to diverse customer requests, it is essential to accurately understand and manage the extent of risk Mitsui is taking on. In the field, this is recognized quantitatively, and we are able to achieve optimal provision of services based on appropriate risk management and secure earnings.

Q12

In the summary of the FY March 2026 H1 overview and H2 initiatives (p.4 of the presentation material), it is stated that you aim to achieve further upside in the second half. In which businesses can we expect upside?

Hori

I believe there is upside potential in all segments.

For example, regarding costs, we expect a positive turn in areas like the protein sector, where fixed costs are absorbed by increasing production volume.

In LNG, earnings opportunities usually concentrate in the second half of the fiscal year, but unlike typical years, we had opportunities to gain earnings by providing trading services in the first half of this fiscal year. Therefore, I do not expect the second half to be as heavily weighted as in typical years, but I believe there is potential for further earnings opportunities depending on climate and the trading environment.

Q13

There were reports that China stopped importing iron ore from a particular company. Please comment on the current situation and the future impact.

Konishi

I will refrain from commenting on the specific situation of specific companies. However, as a general point, contrary to the overall sluggishness of China's key economic indicators, the fact that iron ore prices are staying at above 100 US dollars may partly be due to the uncertainty of such situations creating supply-side anxiety, in addition to cost-related factors, resulting in a strong downside resilience.

Q14

You have disclosed the equity share of production for natural gas and crude oil up to FY March 2027 (p.28 of the presentation material). Can we expect production to further increase from FY March 2028 onwards?

Hori

We have plans to increase oil and gas production, with new production offsetting natural declines. We hope to be able to show this after aggregating the figures from FY March 2028 onwards.

I believe that Energy and Mineral & Metal Resources cannot grow without firmly securing truly competitive and well-diversified reserves. We have accumulated carefully selected reserves over many years, and we intend to continue this, sometimes

in combination with asset recycling, while simultaneously monitoring long-term commodity prices and asset valuations.

Q15

You disclose figures for individual companies in the Lifestyle segment (p.45 of the presentation material). Shrimp farming, retail in Japan, retail in North America, and IHH have shown year-on-year changes of several billion of yen. Please explain the factors behind this. Also, the current fiscal year's profit forecast for the Lifestyle segment is 65 billion yen, but what is the current potential, and can you aim for 100 billion yen in the future?

Hori

I believe the shrimp business in Vietnam should become a business that generates much larger numbers, even while it is undergoing a turnaround. The budget for the shrimp business in Ecuador was even more ambitious, and we expect it to reach an even higher level if the shrimp market recovers. In addition, we intend to steadily increase our broiler business outside Japan. Given the increase in demand for high-quality protein due to population growth, and the particularly high growth rate in this area, we will concentrate on the broiler business.

The retail-related businesses inside Japan are currently being developed by mobilizing Mitsui's strengths in structuring, logistics, and customer service, and these are yielding a certain level of results. The North American retail business is also progressing very smoothly, and since this is a large market, we expect it to grow if we can ensure solid operations.

IHH is progressing smoothly, also due to the seasonality where profit is typically generated in the latter half of the fiscal year. IHH is one of our business platforms, often involving M&A, but we are further expanding this platform and enriching the pipeline with new projects that combine digital and healthcare based on this. This is a very exciting area, and we expect it to become a very large source of profit in the future. We are currently examining how much of this is to be included in the investments plan for the next MTMP.

Of course, we are aiming for 100 billion yen in the future, and we particularly expect the healthcare business to be an area with potential for exponential growth. If we come to a point where we can discuss how to capture this growth, the figures will likely become even more ambitious.

Konishi

The businesses you asked about that show large year-on-year fluctuations, have fluctuations of tens of billions of yen due to one-off factors, but even excluding these one-off factors, the underlying earnings of each business are relatively firm.

Q16

In the next MTMP, IFRS 18 is likely to be applied, and you will have to define management-defined performance measures (MPM). I understand that the COCF you currently disclose does not fall under MPM. In this context, please tell us the direction of discussions on whether you will continue to use COCF in the next MTMP or if you are considering a different indicator.

Kurihara

Regarding MPM, we are conducting various discussions with our auditing firm and the Japan Foreign Trade Council, among others. COCF is not an indicator for profit after tax (PAT), so it does not qualify as an MPM. Since the discussions for the next MTMP are still ongoing, what will become the key performance indicators will be decided within those discussions, and this will then lead to discussions on whether they qualify as MPMs under IFRS 18 and how to apply IFRS 18.

Q17

Regarding coffee trading, please tell us about the situation in Q2 (July–September) and the change from Q1 (April–June). Also, please share your future measures for turnaround and the risks associated with the current rise in coffee prices.

Hori

Coffee prices overall are expected to normalize gradually in the medium-term, as crop growing in Brazil, a major producing country, is progressing smoothly. On the other hand, prices are moving in a high range in the short-term due to speculative factors and the impact of US tariffs. Although we implement hedging, costs are incurred due to position adjustments. Furthermore, the fair value of physical contracts on a quarterly basis leads to large fluctuations in profit and loss, but we will manage this by appropriately controlling our positions and looking out for the stabilization of prices. We will continue to try and convey the current state of this business in a clear manner.

Q18

Asset recycling shown in the cash flow allocation results (p.10 of the presentation material) in the first half was 113 billion yen compared to the full-year plan of 362 billion yen for FY March 2026, which seems bit behind in terms of progress against full-year expectations. Please share your outlook for the second half. Also, with prices for goods, stock prices, and commodity prices all rising, how do you view the M&A market from a seller's perspective, buyer interest, and valuation trends?

Hori

We are firmly progressing with asset recycling in the second half of FY March 2026 after careful examination of assets. Some assets we worked on in the first half will have their gains recorded in the second half, and overall, we expect to achieve the plan. We have no particular concerns at this point, and while we will update you as appropriate if unforeseen events occur, please understand that we are progressing according to plan.

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