

# **FY March 2026 Q1-3 (April-December 2025)**

## **Financial Results Announcement Q&A Session**

**Date** February 3, 2026 16:30-17:30 (Tuesday)

**Speakers** 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**

Reflecting on the trends through the Q3 results and the current climate, coffee trading continues to be weak, and the Chemicals segment also appears to be underperforming against the business plan. Could you share whether you see any positive momentum or shifts in the outlook for the next fiscal year? Conversely, please also share your perspective on any areas where you anticipate persistent performance risks.

### **Shigeta**

In terms of the broader trends in the Q3 results, we do not see significant shifts from the trajectory noted at the time of the Q2 results. Within that context, chemical trading, for which we revised our forecast downward this time, remains sluggish, and the headwinds in coffee trading persist.

We are implementing every possible measure to recover from this at the earliest opportunity. We are fully focused on completing the current MTMP so that we can present a robust outlook that surpasses these current challenges as we transition to the new MTMP.

### **Q2**

Regarding your remarks at the time of the first-half results about buyer caution in asset markets, please update us on whether there has been any shift in the market environment or situation.

### **Shigeta**

While I don't believe there has been a major change in asset markets, we have spent much time considering which assets to identify for divestment and what may be the

right timing to sell assets we own across the portfolio. Therefore, we intend to make decisive judgments without undue delay. We believe the current environment allows for such actions.

### **Q3**

To aim for higher ROE in the next MTMP, I believe enhancement of shareholder returns is necessary. For example, looking toward 2030 over the next five years, you likely have items in mind that will build up COCF, such as the Rhodes Ridge iron ore project and Mozambique LNG. With a long-term view, do you intend to adopt a more proactive stance on enhancement of shareholder returns in the next MTMP? Or will the direction be to monitor the investment situation and then gradually allocate additional shareholder returns from the Management Allocation, as before? Please share your thoughts.

### **Shigeta**

The direction for shareholder returns is currently under discussion in preparation for the next MTMP. We expect that maintaining and improving ROE will remain a cornerstone of our initiatives for enhancing corporate value. As we have explained up until now, enhancing the return component of ROE is the most important factor for us to consider. We are discussing that we can enhance the return component by repeating the cycle of rigorous selection of investments, value enhancement of existing businesses, and asset sales to realize accumulated added value.

Regarding shareholder returns, taking enhancement of ROE into account, we will likely evaluate the balance between investments for growth and shareholder returns on a periodic basis within the new MTMP.

Our focus in formulating the new MTMP is on firmly securing funds for the Management Allocation and maintaining the flexibility to make sizable allocations to investments for growth and shareholder returns through management decisions.

### **Q4**

Regarding profit growth drivers for the next fiscal year, tell us about the projects you anticipate will provide new earnings contributions or turnaround potential. For example, whether new energy projects like the Tatonka or Waitsia will be the drivers, or if a turnaround in the struggling coffee trading business is on the horizon?

### **Shigeta**

We have seen good progress in the three Key Strategic Initiatives in the current MTMP and see tangible results in their contribution to the enhancement of base profit. We are

currently discussing how to further evolve these Key Strategic Initiatives in the new MTMP. We believe that mobility, healthcare, protein, iron ore, and materials will continue to be profit drivers, while natural gas, LNG, and trading of those commodities, will also remain core.

Furthermore, we intend to further extend the digital infrastructure value chain and combine it with power generation and adjacent areas of business to further evolve the Key Strategic Initiatives. Amid our diverse initiatives, given the concerns over supply chain fragmentation in various regions, we believe that providing solutions to meet customer needs will naturally translate into earnings opportunities.

#### **Q5**

Given the recent rise in long-term interest rates, please tell us about your long-term financing strategy, including financing methods and the impact on financial results, and if there are any concerns that may have emerged.

#### **Shigeta**

Our long-term borrowings are primarily financed at floating rates. Under our business model, we mitigate the medium- to long-term impact of inflation and rising interest costs by passing them through to prices. In light of current market volatility, we are taking a measured and cautious approach. Also, regarding financing across currencies, we generally match our financing to the currency we invest in, so we do not anticipate a significant impact from the rise in yen interest rates.

#### **Q6**

Regarding initiatives for enhancement of base profit, I understand that while there have been differences compared to initial assumptions during the current MTMP, you are on target to achieve the 170 billion yen enhancement (page 22 of the presentation materials). That said, please tell us if the policy to continue enhancing base profit will remain in place for the next MTMP.

#### **Shigeta**

The enhancement of base profit has been a central initiative of the current three-year MTMP, and we expect to achieve the 170 billion yen target by the end of the current MTMP period. Although there are some changes across the three categories and in individual businesses, there is no change in our overall target. Regarding new businesses, progress for some projects did not meet expectations as of FY March 2026, and will require closer examination. However, for new and existing businesses for which

we enhanced base profit during the current MTMP, we will continue to do so in the next MTMP as well.

As for investments for growth, while we have projects lined up that will begin contributing to earnings in the next MTMP or around 2030, from a portfolio-balancing perspective, I believe we also need new projects that will contribute to earnings in the near-term. While this is not the time to present specific figures, we are discussing the addition of base profit in the new MTMP from new projects.

## **Q7**

Now that the Mozambique LNG project force majeure has been lifted and construction has resumed, after a four-year suspension to construction, will construction costs be significantly higher than initial assumptions? Also, upon resuming, please tell us if you have an outlook regarding the LNG sales destinations.

### **Shigeta**

We are taking a close look at total costs. Although the force majeure period was prolonged, the lump-sum turnkey contracts already concluded remain valid, and we continued to procure major equipment and materials as much as possible during the suspension. We have been working to mitigate increases in project costs, and we plan to finalize the costs and contractual arrangements going forward.

Additionally, while I will refrain from detailed explanations regarding marketing, the contracts required to support the financing are in place.

## **Q8**

Regarding the current status and outlook for the next fiscal year for the US business, while the truck business in the Machinery & Infrastructure segment has been solid this fiscal year, the increase in provisions for doubtful accounts at JA Mitsui Leasing is an automotives-related development. Amid various reports about the US economy and an uncertain outlook, how do you view the US business for the next fiscal year?

### **Shigeta**

The US remains our most important region. In addition to the automotives and trucks, we will continue to grow natural gas and LNG, as well as methanol and ammonia which are derived from those. Furthermore, we intend to steadily expand the portfolio as a whole, including businesses that have maintained high profitability over the long-term, such as tank terminals and grain. By expanding existing value chains both horizontally and vertically, we plan to deploy the same business model across different geographical regions and further strengthen collaboration with existing partners.

Regarding JA Mitsui Leasing, we regret the concern caused. As the full picture has not yet been clarified, we cannot rush to a conclusion, but we are viewing this as a one-time matter. We intend to provide thorough support to JA Mitsui Leasing as a responsible shareholder, toward establishing measures to prevent a recurrence.

**Q9**

I would like to ask about the ratio between dividends and share repurchases for shareholder returns in the next MTMP. Until now, trading companies have generally set total payout ratio targets and progressive dividends, steadily raising dividends without necessarily pursuing aggressive increases. However, with dividend yields falling due to recent share price increases and the relative attractiveness of dividends diminishing in a rising interest rate environment, please tell us if discussions are underway to amend the balance of shareholder returns.

**Shigeta**

Regarding shareholder returns, our policy is to prioritize higher ROE, maintaining sufficient Management Allocation while increasing the return component of ROE, and periodically reviewing the balance between investments for growth and shareholder returns. We will proceed with discussions on how to present and clearly explain the new MTMP, aiming to maintain and expand ROE.

As for the method of shareholder returns, in the current MTMP, we have implemented share repurchases flexibly based on factors such as earnings upside from commodity prices and the allocation of capital gains, while steadily raising dividends in a progressive manner in line with the enhancement of base profit. As of now, we are not in a position to indicate whether these approaches need to be revised. We will explain this carefully when announcing the new MTMP.

Additionally, the requests from our investors and shareholders are extremely important to us, and we will continue to engage in dialogue while considering these matters, which we will explain in the new MTMP.

**Q10**

In the US, inflation appears to have become quite entrenched, and its impact is becoming visible. In this environment, is it correct to understand that there are no points recognized as significant risks heading into the next fiscal year at this stage?

**Shigeta**

We believe that the relevant bodies in the US have been responding appropriately, balancing interest rate cuts and curbing inflation. However, if fiscal soundness cannot

be maintained due to political factors, there is a possibility of falling into a vicious cycle where cost-push inflation progresses and the investing environment deteriorates through falling stock prices. We believe it is necessary to always monitor such points as matters of concern.

On the other hand, looking at the current efforts of the financial bodies, we believe that while keeping these concerns in mind, we can maintain a proactive stance toward business.

## **Q11**

Regarding the *factor comparison: latest vs previous profit forecast* slide (page 14 of the presentation materials), please tell us what exactly did not proceed as expected compared to the previous assumptions for chemical and coffee trading. Also, please share the current status, outlook, and whether they can act as drivers for profit growth next fiscal year.

### **Shigeta**

Regarding coffee trading, production in the main producing country, Brazil, is expected to be steady, and coffee commodity prices are stabilizing. On the other hand, backwardation persists, and we are struggling with costs associated with hedging. As explained previously, the solution is to accelerate the shipment of long-term contracts, so we intend to focus on addressing that. We are currently concentrating on resolving the situation that is weighing on overall performance as quickly as possible.

### **Kurihara**

Regarding chemical trading, increased capacity and production at facilities in China has led to a sustained oversupplied market environment. Additionally, due to sluggish demand in China and Europe, trading of basic chemicals such as methanol and ammonia, as well as functional chemicals such as building materials and general-purpose resins, is struggling.

On the other hand, electronic materials for AI servers and trading of sulfur, sulfuric acid, and phosphate rock are trending firmly due to increased volumes. While overall chemical trading has seen a profit increase in Q1-3 compared to the same period last year, it is expected to fall short of the full-year business plan.

## **Q12**

Regarding coffee trading, I understand that improvement is difficult unless coffee prices fall, but I would like to confirm if there are any levers for improvement other than price.

Also, regarding chemical trading, given that the Q1-3 results show a profit increase compared to the same period last year, I would like to confirm if it is recovering and will be a contributor to profit growth next fiscal year.

**Shigeta**

While current coffee prices are trending downward, the market is still in backwardation. This creates a situation where hedging costs accumulate. For an immediate solution, we believe it is necessary for backwardation to be resolved alongside a fall in prices. Regarding chemical trading, as explained earlier, the current earnings environment is impacted by overproduction in China and continued demand decline for some materials across China, Europe, and the US too. On the other hand, demand increases are expected in certain business areas, and by steadily capturing and accumulating these earnings opportunities, we believe we can regain profit growth momentum.

**Q13**

You stated in the presentation materials that Iron & Steel Products has had good performance. Please tell us the background behind this.

**Kurihara**

There was some front-loading of transactions originally planned for Q4, so it will not outperform that much on a full-year basis, but the Q1-3 results show a profit increase compared to the same period last year.

Essentially, we are doing well in trading, with contributions primarily from Asia, the Americas, and also in Japan, mainly through Mitsui & Co. Steel. I believe that the business environment is improving.

**Q14**

Does this mean you have changed your approach to trading in some way?

**Kurihara**

In the Americas, for example, steel prices have also trended firmly following the impact of tariffs, and there has been a contribution to profit from that. It is not that we have changed how we are doing trading.

**Q15**

Regarding asset sales, I understand that the cumulative target for the current MTMP is largely within reach, but the progress as of Q3 seems low against this fiscal year's target. Please reiterate the outlook for asset sales for this fiscal year.

Also, based on the results of the current MTMP, what scale of asset recycling are you aiming for next year onwards?

**Shigeta**

For asset sales this fiscal year, we expect projects in Innovation & Corporate Development in Q4, and we believe we can achieve the profit target of 79 billion yen as per the revised forecast. From next fiscal year onward, as the use of ROIC and rigorous selection of new investment projects have taken hold in each business unit, we will continue to work on this as part of improving the quality of our portfolio.

In the asset portfolio review, we verify investment projects from the perspectives of Mitsui's contribution to value enhancement, effective use of human resources, and room for growth, in addition to profitability and strategic significance. We believe that by repeating this process, we will realize more asset sales.

Additionally, asset sales includes businesses with develop and sell models such as real estate and ships, which we recognize as base profit, as well as the utilization of third-party capital. We believe we can maintain continuity and repeatability including these.

**Q16**

Regarding Energy Solutions in the *operating segment information* slide (page 45 of the presentation materials), there is a loss of 9.7 billion yen in Q1-3. Since the loss was 8.5 billion yen in H1, it seems there are signs of the loss narrowing slightly. Please tell us the outlook for the full-year and how Energy Solutions is positioned toward the next MTMP.

**Kurihara**

The situation improved in Q3, as it included gains on the sale of solar power generation businesses. Additionally, we expect valuation gains on solar power generation businesses in Q4.

**Shigeta**

As per the press release in mid-January, we will undergo organizational restructuring in preparation for the next MTMP. We will merge the power generation business area of the Energy Solutions Business Unit with the Infrastructure Projects Business Unit to newly establish the Digital & Infrastructure Solutions Business Unit. Also, we will merge the next-generation energy area of the Energy Solutions Business Unit with the Energy Business Unit I to newly establish the Integrated Energy Solutions Business Unit.

We launched the Energy Solutions Business Unit during the previous MTMP and have worked through to the current MTMP. Since the Key Strategic Initiatives and winning strategy have finally taken shape, we want to build on this and develop initiatives that will enable growth leveraging scale and unity.