FY March 2027 Q1 (April-June 2026) Financial Results Announcement Q&A Session

Date	August 4, 2026 16:30-17:30 (Tuesday)	
Speakers	Makoto Tanaka	Representative Director, Executive Managing Officer, CFO
	Masao Kurihara	Executive Managing Officer, General Manager of Global Controller Division
Moderator	Akinobu Hashimoto	General Manager of Investor Relations Division

Q1

Regarding base profit by business in the *factor comparison: FY March 2027 Q1 profit YoY* slide (page 13), excluding the increase attributable to FVTPL gains, which businesses performed particularly well in Q1? Also, please discuss the drivers behind higher earnings in those businesses.

Tanaka

In chemicals trading, particularly in basic chemicals, both commodity prices and trading volumes have remained tight due to the situation in the Middle East. We have been able to provide solutions to customers by combining products with trading, storage tanks, and tankers. While volatility in commodity prices remains high and current earnings are unlikely to continue at these levels, we believe there will continue to be opportunities for Mitsui to demonstrate its capabilities and functions. In the methanol business, we operate production businesses in the US and the Middle East. Although the inability to ship products from the Middle East has had a negative impact, our US operations have more than offset this. We can procure cost-competitive gas produced in the US as feedstock, and the methanol produced is being sold at strong international prices, resulting in strong margins. We expect these conditions to continue for some time.

In automotives, foreign exchange tailwinds have helped, but earnings have also been steadily accumulating, particularly in North and South America.

In Food, the chicken business has continued to benefit from solid consumption across regions, and we believe this strength is sustainable.

Q2

Automotive operations in the Americas are performing extremely well. Is this strength broad-based rather than concentrated in a particular region, and do you expect the earnings growth to continue?

Tanaka

Yes, that is our view.

Q3

The *capital allocation forecast and results* slide (page 7) notes that the amount and allocation of capital will be reviewed in Q2. Which items are currently being considered for revision? In addition to COCF, which has shown strong progress in Q1, please discuss the outlook for asset recycling, new investments, and the possibility of additional shareholder returns.

Tanaka

Although we have updated our shareholder returns as a percentage of COCF target to above 50%, our thinking has not changed at all since the announcement in May. Based on our dialogue with the market and solid Q1 performance, we decided that this was the appropriate timing to update the target.

We normally revise our full-year forecast in Q2, which would include a review of COCF. Given current conditions, there is also a possibility of an upward revision. By the time we announce Q2 results, we expect to be able to discuss specific asset recycling initiatives and new investment projects currently underway, and we intend to review allocation based on those developments.

Regarding shareholder returns, while we are currently saying “above 50%”, the figure has already risen to approximately 57% for this fiscal year. Assuming around 50% in years two and three, the overall level would exceed 50%, which is currently our base case.

While we do not necessarily revise the framework every year, regularly reviewing it in this manner is part of Mitsui's approach. We hope investors will understand this in light of our track record.

Q4
Actual progress is somewhat difficult to gauge due to one-off factors and FVTPL gains. To what extent did Q1 results exceed internal budget? Also, Energy showed relatively low progress against the full-year plan. Could you comment on the outlook?

Tanaka
Historically, Mitsui tends to have a weaker Q1 and a stronger Q3. One reason is the timing of LNG trading earnings and dividends from LNG projects. Against that backdrop, achieving progress of more than 30% in Q1 represents strong progress in our view. Q1 results reached an all-time high, and underlying earnings were also very strong, which gives us considerable confidence.

FVTPL gains and recycling gains from CIM Group, a US real estate ownership and operations business, both exceeded plan. In addition, some earnings originally expected in Q1 were deferred to later periods. Taking all of this into account, we have a strong overall impression of performance.

In Energy, progress appears low mainly because some recycling gains expected in Q1 did not materialize. In addition, large LNG dividends are scheduled for the second half, and LNG trading earnings also tend to be weighted toward the second half. As a result, current results appear somewhat weak, but we fully expect to catch up.

Q5
You mentioned reviewing capital allocation in Q2. Is there any discussion about increasing leverage in order to achieve the ROE target?

Tanaka
As we explained when announcing the MTMP, achieving ROE of 12% is Mitsui's most important KPI, and we consider 12% in FY March 2029 to be a must-achieve target.

However, there is still more than two and a half years remaining. As long as we are on track, we do not believe it is necessary to make definitive statements at this stage. We want to maintain a broad range of management optionality. Through opportunities such as these quarterly briefings, we will continue to explain our thinking and seek investor understanding.

We are executing 200 billion yen of share repurchases, and the assumption behind the 2.4 trillion yen Management Allocation framework includes some use of leverage. There are various approaches available, but our stance is to manage this carefully over the three-year period.

Q6
LNG trading earnings came in below expectations in Q1. Is it correct to understand that earnings will increase in the second half?

Tanaka
While we cannot discuss details of LNG trading operations, we have established a structure that enables us to generate earnings as deliveries increase during the second half, which corresponds to the winter season in consuming regions.

Q7
Including the 200 billion yen share repurchase announced today, shareholder returns as a percentage of COCF has reached 57%, above the target of 50%. To improve ROE going forward, would it not be necessary to raise the percentage? How do you view shareholder returns?

Tanaka
I understand your concern to be that if shareholder returns as a percentage of COCF is not increased, shareholder equity may accumulate too rapidly, making it difficult to constantly raise ROE. If it remains at 50%, that concern is understandable. However, our primary approach to improving ROE is by increasing profit. If we can surpass not only the profit targets announced in MTMP2029 but continue to grow beyond them, we believe a 12% ROE is fully achievable. As we stated when announcing MTMP2029, we intend to demonstrate the certainty of profit growth through *middle game* initiatives and new projects that contribute to earnings immediately. At present, we are not yet in a position to showcase such projects, but we will provide updates at the appropriate time.

As for whether above 50% is sufficient to sustainably maintain ROE of 12%, management also recognizes this as an important issue. We continue to discuss it internally while balancing capital efficiency and investments for growth.

Q8
The amount available for investments for growth is related to financial leverage and net DE ratio. What discussions are taking place internally?

Tanaka
Net DE ratio is essentially a point-in-time indicator and can fluctuate due to various factors such as markets. For that reason, we have not historically set a specific target. At the same time, we are aware that some companies indicate a benchmark of around 0.6x. We do not disregard that level. Management discusses almost weekly how leverage should be managed, considering our business conditions, the scale of future investment opportunities, and the macroeconomic environment. Please understand that leverage is always part of the discussion as we work toward improving ROE.

Q9
The proposal announced recently to acquire all of the free-float shares of Penske Automotive Group, Inc. (PAG) is currently designated as being unallocated within the Management Allocation framework because neither the transaction size nor its outcome has been finalized. If the transaction proceeds, is it correct to understand that funding would come from the Management Allocation? Also, what is the expected timeline for the Management Allocation, including the balance of shareholder returns, as you pursue ROE of 12% for the final year of the MTMP?

Tanaka
Your understanding is correct. Any expenditure related to PAG would come from the Management Allocation framework.

As for timing, we want to demonstrate the certainty of returns by accumulating transactions that provide immediate earnings contributions and offer a high degree of confidence based on past results. It is important to close transactions steadily so that we can report results promptly and increase earnings contributions. Adhering to the earnings contribution timing outlined in the *timing of earnings contributions from investments for growth* slide (page 8) is an important priority for us.

Q10
To improve ROE and ROIC, simply acquiring earnings through investments is not enough. It will also be necessary to realize synergies and functional collaboration through *middle game* initiatives. Using the PAG transaction as an example, what synergies do you expect, and how do you plan to enhance returns through *middle game* initiatives?

Tanaka
We will not discuss details of the PAG transaction at this stage. However, we have worked with Penske Corporation for many years and have built strong mutual trust and a proven track record. In addition to our collaboration in truck leasing, Mitsui operates its own truck auction business, which we believe offers opportunities for broader business collaboration. Let me provide a few examples of *middle game* initiatives.

First is AIM Services. Although the company had long been highly profitable, particularly inside Japan, we believed that Mitsui could help drive further earnings growth. As a result, we made it a wholly owned subsidiary and have been implementing more aggressive investments for growth. Through such initiatives, we continue to strengthen existing businesses and improve earnings.

Turnarounds and exits from loss-making businesses are also important. Examples at the parent-company level include our coffee and sugar businesses. As for the affiliated company, JA Mitsui Leasing, although it recorded a one-time equity-method loss last fiscal year, we strengthened its capital base and it has delivered solid results this fiscal year.

We are accumulating such examples, so we believe our results will become increasingly evident over time.

Q11
Regarding the base profit for Mobility, Digital & Infrastructure shown in the *YoY profit change (by segment and factor) slide* (page 26), what were the drivers other than Automotives? Also, what were the factors behind the YoY change in Chemicals base profit shown on page 27?

Hashimoto
The growth in base profit of the Mobility, Digital & Infrastructure Segment was driven not only by automotives but also by gas infrastructure, tanker ownership-related businesses, dividends from general companies within mobility, IPP businesses, and wastewater treatment operations in Mexico. We view this growth as very strong.

In Chemicals, the primary drivers were trading and the methanol business.

Q12
Is there a possibility of additional share repurchases during the current fiscal year? What factors would influence such a decision? Also, is the Management Allocation intended to be managed over the entire three-year MTMP period, or on a year-by-year basis taking ROE and other factors into consideration?

Tanaka
Decisions regarding additional shareholder returns, including share repurchases and dividend increases, will be made based on the overall balance of capital allocation over the three years of the MTMP while appropriately managing leverage through dialogue with the credit ratings agencies. At the same time, we do not intend to defer shareholder returns until the final year of the MTMP. As demonstrated by the 200 billion yen share repurchase program to be completed by January 2027, we plan to respond flexibly based on the progress in each quarter. When considering additional shareholder returns, we place importance not only on ROE and the Management Allocation but also on the progress of investments for growth and the availability of new opportunities. We intend to pursue attractive investment opportunities aggressively, even if they were not anticipated when the MTMP was formulated. Accordingly, it is difficult to determine shareholder returns several years in advance, and future decisions will depend on investment opportunities and changes in the business environment.

Q13
Please explain the relationship between the investment projects shown in the chart on the *timing of earnings contributions from investments for growth* slide (page 8) and the 2.4 trillion yen Management Allocation framework.

Tanaka
Since there are investments for growth projects not included in the chart, the projects shown do not fully utilize the investments for growth allocation within the 2.4 trillion yen Management Allocation framework. However, the majority of investments for growth within the framework are comprised of the projects shown in the chart.

If new investment opportunities emerge that were not anticipated when the MTMP was formulated, we will incorporate them as investments for growth and respond through measures such as revising other projects or conducting asset recycling as necessary.

Q14
The iron ore business delivered solid results in Q1. Has your initial expectation of lower production volumes changed? Also, please comment on the business environment and outlook in light of recent declines in iron ore prices and the BHP strike issue.

Tanaka
Production volumes have been trending above our initial assumptions, but we are not yet at the stage of revising the full-year outlook. Iron ore prices are not particularly strong due in part to China's economy, and elevated freight rates are also a factor. While the market environment is not something we can be too optimistic about, our immediate focus is on maintaining solid production.

Hashimoto
The increase in production volumes was mainly due to strong operations at Rio Tinto. We will consider any revision to the full-year outlook after Q2. Regarding the potential BHP strike, we believe the impact will be limited through the use of replacement workers and should remain manageable unless it becomes significantly prolonged. On the demand side, while China's property market remains weak, AI-related demand and EV exports continue to be strong, and crude steel production is showing signs of recovery. Therefore, we do not have major concerns about the medium- to long-term market outlook.

Q15
With regard to Q1 results, how much did underlying performance exceed or fall short of the business plan? Please explain the relative strengths and weaknesses by segment and the reasons behind them.

Tanaka
For Mineral & Metal Resources, results were broadly in line with expectations. However, metallurgical coal underperformed due to lower production caused by rainfall at Dawson and higher costs associated with rising diesel prices. Other businesses performed within plan without any significant issues.

In Energy, some large recycling transactions were delayed, causing both profit and cash flow to come in slightly below plan. However, this is purely a timing issue, and we expect to catch up. We anticipate steady progress in both profit and cash flow from Q2 onward and have no major concerns at this stage.

Mobility, Digital & Infrastructure and Chemicals both performed strongly and exceeded the plan.

The Wellness Ecosystem segment was broadly in line with plan. Protein-related businesses, including chicken, exceeded expectations, while the base profit of wellness-related businesses progressed largely as planned and we will continue to monitor this.

Innovation & Corporate Development significantly exceeded plan due to stronger-than-expected valuations of FVTPL assets and recycling gains from CIM Group, a US real estate ownership and operations business. Commodity derivatives trading also delivered earnings well above plan in a highly volatile market environment.

Q16
Asset recycling progress was slow in Q1. Is this simply a timing issue rather than a result of changes in the operating environment?

Tanaka
We do not believe there have been any significant changes in the asset recycling environment. One reason for the delay is the timing shift of recycling transactions in Energy. In Chemicals as well, there was a timing shift relating to Soda Aromatic, which we had previously announced in our press release. Because these gains had originally been expected in Q1, performance related to asset recycling appears somewhat weaker.

Q17
MTMP2026 discussed profit enhancement through efficiency improvements and turnarounds. From that perspective, are there any initiatives that showed progress in Q1?

Tanaka
We believe that *middle game* initiatives as well as efficiency improvements and turnarounds are ongoing priorities.

As the business environment changes, businesses that have historically generated earnings may experience deterioration in performance or future prospects. Accordingly, we continue to evaluate businesses proactively and maximize value by exiting investments early when appropriate.

The same philosophy applies under MTMP2029.

In addition to addressing loss-making businesses, we are also targeting smaller businesses with limited growth potential and are advancing portfolio reconfiguration across subsidiaries and affiliate companies.

Specifically, we are utilizing ROIC and comparing it against industry WACC benchmarks in our evaluations. We are also leveraging digital technologies in our analysis. However, this initiative is still in its early stages, and there have not yet been any sales or exits directly attributable to it. We plan to continue discussions through the autumn period, and this represents the current direction of our companywide portfolio review.

Regarding the sale of Soda Aromatic, the company was not a loss-making business but rather a high-quality company. We believed we had already fulfilled a certain role in supporting its growth. From the perspective of that company's future development and corporate value enhancement, we concluded that a new shareholder taking control would be the best course of action. Discussions progressed accordingly, and agreement was reached. In this way, we continue to make decisions based not only on current profitability but also on future business prospects and the overall portfolio strategy of the Mitsui & Co. Group.

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