

Disclaimer: This English translation is provided solely for reference purposes and does not constitute a legally definitive translation of the original Japanese text. In the event of any discrepancy in meaning, the original Japanese version will prevail as the official authoritative version.

Mitsubishi Corporation

MCSV Creation Forum – Investor Day 2026 – Q&A

- | | |
|-------------------------|--|
| 1. Date and Time | Wednesday, June 3, 2026; 3:00PM to 4:50PM |
| 2. Format | Online (Zoom webinar) |
| 3. Presenters | Katsuya Nakanishi; Representative Director,
President & CEO

Yoshihiro Shimazu; Executive Vice President,
Chief Financial Officer

Kenji Kobayashi; Executive Vice President,
Chief Stakeholder Engagement Officer,
(Concurrently) Capital Alliances

Tsuneyoshi Tatsuoka; Independent Director

Mari Sagiya; Independent Director

Akitsugu Era; Partner, Brunswick Group (Facilitator of the
Panel Discussion with Independent Directors) |

1. Medium to Long-term Strategies for Enhancing Corporate Value:

President & CEO Katsuya Nakanishi

Q1:

Could you elaborate on the consolidated net income projections [page 7 of the [Investor Day 2026 materials](#)]? In Corporate Strategy 2027 (CS2027) you indicated consolidated net income of over ¥1.2 trillion, and today you outlined an FY2030 outlook of over ¥1.5 trillion, implying continued growth.

You have also provided some detail regarding the “Enhance / Reshape” and “Create” initiatives. While “Enhance / Reshape” presumably relates to improving existing businesses, you have already been implementing similar initiatives over the past three years. How should we think about the scale of and approach to these initiatives over the next three years?

In addition, as growth continues toward FY2030, what level of annual investment are you currently assuming?

A: (Nakanishi)

- In CS2027, we provided guidance through FY2027, and during our May [earnings call](#), we issued an FY2026 consolidated net income forecast of approximately ¥1.1 trillion. To develop this forecast, we conducted extensive internal discussions and applied rigorous bottom-up project screening. Each business segment identified

specific initiatives and project pipelines through FY2030, categorized under “Enhance / Reshape” and “Create”. Based on this exercise, we have identified a viable trajectory to achieve ¥1.5 trillion.

- We have also refined the presentation of our business domains: Mineral Resources, Energy Value Chain, Food & Bio-based Businesses, C-to-B Value Chain, and Core Businesses. When combining “Enhance / Reshape” and “Create” initiatives, we believe this outlook is broadly aligned with our CS2027 target of achieving an average growth rate of 10% or more in underlying operating cash flow.
- “Enhance” focuses on our existing businesses. We continuously review whether we are the natural owner of each asset, executing capital recycling and portfolio rebalancing as appropriate. Through these activities, we expect to consistently generate one-time gains. These efforts are ongoing and are always assessed against the medium- to long-term outlook of each respective business.
- As for investment levels beyond CS2027, we do not currently have a fixed numerical target. Because the current fiscal year represents the midpoint of CS2027, our immediate focus is delivering on our underlying operating cash flow targets for FY2026 and FY2027. We will then determine appropriate investment levels for FY2028 and beyond, taking ROE into account.
- Based on our current investment pipeline [see page 5 of the [Investor Day 2026 materials](#)], including ongoing projects, the aggregate data indicates a growth trajectory from approximately ¥1.2 trillion in FY2027 to ¥1.5 trillion in FY2030.

Q2:

Previously you mentioned that MC aims to transition from a conglomerate discount to a premium valuation. It appears that the current valuation already reflects a premium, although the recent geopolitical environment, including developments in the Middle East, may also be providing external tailwinds.

Do you believe this premium can be sustained even after the macro environment normalizes? I would appreciate your perspective on your confidence and expectations. In addition, to sustain this growth beyond your tenure, what would you expect from the next generation of management?

A: (Nakanishi)

- Rather than focusing on discount versus premium, I place particular importance on integration. This is not about a simple sum of the parts, but about connecting our integrated strengths to create value that exceeds the total.
- One area where we have demonstrated this concept is the Energy Value Chain, including shale gas-related businesses. We believe that further value can be

created by strengthening integration within the energy domain, where we have established capabilities. Under this approach, we are pursuing a range of potential opportunities in the U.S., including Gas-to-Power, Gas-to-Clean Hydrogen, and Gas-to-Chemicals, while also exploring opportunities in Asia and Europe.

- We recognize that the current favorable earnings environment, including elevated commodity prices, partly supported by recent geopolitical developments, may normalize over time. Our strategy is therefore not dependent on any specific macro environment. For example, in the U.S., we operate a renewable energy business, Nexamp, which is part of our U.S. power company, Diamond Generating Corporation. We have recently integrated our upstream gas and power operations under one platform called MC Energies. This enables us to respond flexibly to changes in the energy landscape.
- As market conditions evolve, including shifts driven partly by rising development costs for renewable energy and changes in its relative competitiveness, the pace of the transition may slow. However, if geopolitical tensions, including those in the Middle East, Iran, and Russia, persist or intensify, we believe the pendulum could swing again toward decarbonization, leading to renewed momentum in renewable energy. In light of this, we are building a portfolio that enables us to capture these shifts regardless of where we are in the cycle. Through platforms such as Nexamp and Eneco, alongside our broader initiatives, we are establishing a structure capable of responding to such market dynamics across multiple business domains.
- While recent external factors, including higher commodity prices, have indeed supported earnings, we are building a portfolio capable of generating stable earnings regardless of such conditions. To this end, in addition to the Energy Value Chain, we are expanding initiatives such as “Food × Energy” and the C-to-B Value Chain, thereby broadening our exposure across diverse business domains. Through these efforts, we aim to leverage our integrated capabilities to deliver sustainable earnings that are not reliant on resource-driven tailwinds alone.
- With regard to your second question, while time has passed quickly and less than two years remain under CS2027, we view FY2027 as a milestone rather than an endpoint. The FY2030 targets we have presented extend beyond my tenure; however, what matters most is the discipline of continuously reviewing our existing businesses and asking fundamental questions. Specifically, we constantly evaluate whether we are the natural owner of each business and whether we can enhance its value.
- In this sense, my role as CEO—the ultimate portfolio manager—is to lead this ongoing process, continuously reinforcing the portfolio and passing on this mindset to the next generation. This responsibility extends beyond myself alone, and is

shared across the entire management team. Above all, I believe that continuously enhancing our businesses is essential to sustaining our long-term growth.

- Finally, let me add one point. When we announced our forecast of ¥700 billion in consolidated net income for FY2025 last year, together with CS2027, we received a few comments questioning whether “Enhance” could truly be considered a growth strategy. That reaction left a strong impression on me.
- Since then, even as the global environment has become increasingly uncertain—driven by evolving geopolitical developments, including those in the Middle East—we have remained firmly committed to the idea that strengthening our existing businesses is the first step toward the next phase of growth. As a result, in FY2025, we delivered more than ¥100 billion in additional underlying operating cash flow and consolidated net income on top of our original forecast.
- These efforts—enhancing our earning power through the strengthening of existing businesses—are precisely what will carry us forward into FY2026, FY2027, and beyond. This is our core strength, and it is this strength that we aim to translate into a valuation premium.

Q3:

With respect to ROE, you indicated that 12% is a milestone. While it is not clear what level you aim to achieve by FY2030, even considering various uncertainties, it may appear that ROE could remain around 12% until that time.

From this perspective, will more dynamic capital allocation or different approaches be required to further improve ROE in the next corporate strategy? If there are any ongoing internal discussions on this topic, I would appreciate your insights.

A: (Nakanishi)

- The FY2030 figures we have presented are based on our current outlook, and we are not suggesting that these are fixed targets. We believe there is potential upside beyond these figures. As indicated in [page 3 of the [Investor Day 2026 materials](#)], we view “ROA × leverage” as a key lever and fully recognize the importance of improving ROA and achieving ROE of 12% or higher.
- Increasing ROA and determining how best to utilize leverage—including considerations related to capital policy—remain ongoing areas of discussion, and we do not yet have definitive conclusions. For the first time, we have presented a growth trajectory toward FY2030, focusing on “Enhance / Reshape” and “Create” to drive earnings growth.
- Going forward, we will consider how to effectively apply leverage and execute capital policies while monitoring the progress of individual projects and initiatives. Through

these efforts, we aim to achieve ROE of 12% or higher as a milestone.

- As we have not yet achieved ROE of 12%, our immediate priority is to reach this level. Building on that, we will then pursue further improvements toward even higher ROE.

2. Initiatives to Increase Value Creation and Capital Efficiency:

CFO Yoshihiro Shimazu

Q1:

My question is regarding your framework for achieving the ROE target. How are required rates of return determined, and what corrective actions will you take if a business fails to generate sufficient excess returns? In addition, how specifically does this framework differ from your previous approach, and what improvements are you targeting?

For instance, how does it contrast with standard ROIC or WACC-based models? Are you shifting focus toward absolute profit levels rather than efficiency metrics like margins or cash conversion, or are there a different primary objective? Ultimately, what changes should we expect to see from the introduction of this framework?

A: (Shimazu)

- We establish required rates of return on an individual basis for each operating company and business. These rates reflect specific characteristics including industry attributes, country risk and other business-specific risk factors. Historically, we applied a uniform required rate of return across the entire organization. Over the past decade, however, we have adopted a more granular approach, tailoring required returns to the specific risk profile of each business. With these targeted rates in place, our primary quantitative focus at the time of the investment decision is ensuring the business is projected to meet or exceed its specific hurdle rate.
- Post-investment, we closely monitor asset performance to ensure the business continues to clear its required rate of return on at least an annual basis. If changing market conditions cause performance to fall below the required threshold, we rigorously assess the feasibility of a recovery.
- As outlined in the Management Cycle and Monitoring Process section of today's presentation, the formulation and tracking of annual business plans is not left solely to the individual business segments. For key operating companies, we conduct company-wide "Enhance / Reshape" reviews, during which corporate management closely scrutinizes business performance and operating plans to determine whether recovery initiatives are viable. If recovery is deemed unlikely, we may initiate an early

exit to divest before the business passes its value peak. This disciplined, hands-on oversight marks a key difference from our historical approach.

Q2:

Regarding your management framework, are you primarily focused on efficiency ratios, or are you using finance-based approaches such as EVA or your previous MCVA framework? Ultimately, are you aiming to expand the total absolute value of returns above the cost of capital? You have a corporate-level ROE target of 12%, but at the individual business level, do you evaluate performance based on ratios or absolute value?

A: (Shimazu)

- At the corporate level, our quantitative targets under CS2027 plan emphasize a balance of both growth and efficiency.
- At the individual business level, however, we look at both efficiency ratios and the absolute amount of value added. During our annual business plan reviews, we ensure businesses are delivering on both capital efficiency and absolute value creation e.g. EVA.

3. Initiatives to Enhance Growth Expectations and Reduce Capital Costs:

CSEO Kenji Kobayashi

Q1:

Regarding the portfolio balance shown on page 16 [of the [Investor Day 2026 materials](#)], and in light of the CEO's comments that Mineral Resources is expected to grow toward FY2030, does this new presentation of the portfolio indicate that you are actively discussing how to evolve the portfolio going forward? Or should we assume that the current structure will remain more or less the same? Could you elaborate on your approach to portfolio management?

A: (Kobayashi)

- While page 16 outlines our current portfolio structure, we do not currently manage our asset mix using rigid sector weightings or predetermined allocation targets.
- Instead, we build our portfolio through a bottom-up approach, carefully assessing individual projects on their own merits—evaluating asset characteristics, pipeline visibility, and expected profitability. While we do ultimately evaluate overall portfolio balance from a top-down perspective, our approach blends this bottom-up accumulation of project-level discussions with top-down strategic considerations.
- Therefore, to directly answer your question, we are not setting prescriptive top-down allocation targets, such as mandating that businesses with lower market volatility (circled in orange) must reach 70% or 80% of the overall portfolio.

Q2:

Regarding the Carbon Neutral Roadmap 2.0, the FY2030 emission reduction target was revised from a fixed 50% reduction [vs. FY2020] to a range of 30% to 50%. What factors drove this revision, and could you provide as much detail as possible, including the impact of Aethon?

A: (Kobayashi)

- As we briefly noted when announcing Carbon Neutral Roadmap 2.0, the macroeconomic environment has shifted significantly since the release of Roadmap 1.0. A combination of factors, including geopolitical volatility and inflation, has made the pathways to decarbonization and our 2050 net-zero target far more complex. After a careful analysis of these changing dynamics, we realigned our interim targets with our broader corporate strategy.
- Because active investment is central to our business model, our absolute GHG emissions in FY2030 will fundamentally depend on the pace of our portfolio transformation. Our exact emissions footprint at that time will be dictated by market conditions, the timing of asset divestitures, and the scale of our new EX investments and decarbonization initiatives that we undertake.
- Given the inherent variability in timing these transactions, we must account for a range of possible outcomes. By revising the FY2030 reduction target to a 30% to 50% range, we ensure we have the strategic flexibility required to respond to multiple potential transition pathways. That said, our ultimate commitment to achieving net-zero by 2050 remains unchanged. While our specific near-term trajectory may fluctuate, we remain committed to making steady progress toward that final goal.

Q3:

During the CFO's earlier presentation, it was indicated that you are managing each segment and business unit by assigning specific ROE targets and cost of capital expectations. Given the recent increase in total investment volume, including several large-scale investments, some might get the impression that the company is shifting toward a higher risk profile.

How will management maintain disciplined control over the cost of capital across each segment? Are specific mandates regarding capital cost management being assigned at the business-unit level? Could you elaborate on the overarching framework for managing the company's cost of capital and how individual segments are expected to execute against it?

A: (Kobayashi)

- First, I want to clarify the premise regarding our risk profile: we are not taking on

fundamentally more risk than we have in the past. As outlined in our strategic initiatives, we expect a meaningful contribution to our FY2030 growth to come from “Enhance / Reshape”.

- As explained, “Enhance / Reshape” initiatives focus on driving earnings and efficiency by strengthening our existing businesses and adjacent markets. In this respect, we are driving growth toward FY2030 from a solid, highly visible base of initiatives rather than chasing returns through excessive or unfamiliar risks.
- While we will actively take the calculated, manageable risks required to capture returns, we have no intention of taking unreasonable risks or fundamentally transforming into a higher risk company.
- In terms of capital cost management, as the CFO mentioned, we establish our corporate ROE target based on our cost of equity, and on that basis, we dictate required return thresholds for each segment. Ultimately, the company’s cost of capital is managed centrally by the corporate team, not delegated to the individual business segments.

Q4:

This question may best be directed to the CFO. The CEO mentioned increasing ROE by improving ROA and effectively utilizing leverage. Could you elaborate on what you mean by the effective use of leverage? Furthermore, the company executed ¥1 trillion in share buybacks last year. To maintain ROE at a high level for a company of your scale, it seems necessary to continue buybacks at a meaningful run rate—perhaps not at last year's level—but at least exceeding ¥500 billion. Could you elaborate on your approach to utilizing leverage and your policy regarding future share buybacks?

A: (Kobayashi)

- Under our current corporate strategy, we operate with a net D/E ratio guideline of approximately 0.6x, and within this, we will continue to utilize leverage to fund investments as needed. However, we do not view this as a rigid ceiling. If we identify a compelling investment opportunity, our stance is to actively pursue it, even if it requires temporarily exceeding that leverage threshold. A strong investment will ultimately generate the cash flow necessary to naturally deleverage the balance sheet over time.
- Regarding share repurchases, we recognize that buybacks are a critical tool for sustaining ROE given our robust cash generation. However, our primary mandate is to drive sustainable growth and maximize long-term market capitalization. Therefore, the priority for our capital allocation is to deploy cash into investments that directly contribute to driving ROE.

- That said, investment opportunities and capital requirements will vary from year to year. Accordingly, we will continuously assess our investment pipeline and use share buybacks as a flexible option within our broader capital policy, executing them in a timely and disciplined manner when appropriate. This philosophy will remain unchanged under our current and subsequent corporate strategies.
- As noted by the CEO earlier, 12% ROE is only a milestone. We will continue to balance flexible share buybacks with growth investments to push beyond it.

4. Panel Discussion:

Tsuneyoshi Tatsuoka, Mari Sagiya, Independent Directors

Q1:

As independent directors, your role is predicated on receiving adequate and appropriate information from the company. Could you share your views on the optimal distance between oversight and execution? It is often noted that effective oversight requires a delicate balance—neither being too deeply involved nor too far removed. I would appreciate your perspective on this point.

A: (Tatsuoka)

- Based on my experience across several organizations, the optimal balance varies by company. However, I believe the foundation lies in developing a robust understanding of the business, and that building trust through continuous dialogue is essential. At the same time, maintaining a certain degree of healthy tension is crucial for governance to function effectively.
- This tension is generated by candidly raising concerns or identifying potential issues. More importantly, management must demonstrate the willingness to thoughtfully consider and internalize these perspectives. This, in turn, deepens mutual trust and cultivates a highly constructive dynamic.
- When I first became involved with the company, I once heard a comment that “MC will invite you into the living room, but not easily into the kitchen.” While that had not been my personal experience, I understood it to mean that given the sheer breadth of operations, it can be challenging from the outside to fully grasp the inner workings of the business.
- Since then, the time and frequency dedicated to understanding the operational realities has increased significantly. This is achieved not only through Board of Directors meetings, pre-briefings, and updates on key issues, but also through direct communication with people on the ground. Through the accumulation of these efforts, we have successfully cultivated understanding, trust, and the appropriate level of tension.

- Ultimately, the critical factor is not merely whether the executive side listens, but whether they are willing to internalize the Board's views and incorporate them into decision-making to drive better outcomes.
- From this perspective, I believe a constructive and positive dynamic is currently at work within the company.

Q2:

Could you elaborate on the succession plan and the structure of the Corporate Governance and Nomination Committee? During the CEO session earlier, Mr. Nakanishi mentioned that he expects the next generation of leadership to be capable of appropriately making both investment and divestiture decisions.

Could you share how the Corporate Governance and Nomination Committee views succession planning? In addition, the Committee is chaired by an internal director, whereas at other trading companies, an independent director serves as the chair. Given your company's strong focus on governance, I would appreciate your views on this as well.

A: (Sagiya)

- Regarding the succession of the President & CEO, we have not yet reached the stage of discussing specific candidates. Therefore, no formal deliberations have commenced at this point.
- On the question of whether it is appropriate for the Corporate Governance and Nomination Committee to be chaired by an internal director: while there is a general view that an external chair is preferable, based on my participation in the Committee, I have not observed any instances where discussions were constrained or biased by the current structure. Independent directors are able to express their views freely, and the chair effectively facilitates the dialogue. As such, I believe the Committee is functioning well, and I do not see a particular need to change the current structure.

A: (Tatsuoka)

- I share a similar view. While formal discussions regarding specific succession candidates have not yet commenced, I can speak to our previous processes. The Corporate Governance and Nomination Committee, which is chaired by the Chairman, includes all independent directors as members.
- A critical factor in this process is how well we, as independent directors, understand the candidates themselves. As I mentioned earlier, we cultivate this understanding not only through Board meetings, but also through various other interactions, which allow us to gain a comprehensive view of who they are.

- Going forward, as Mr. Nakanishi noted, it will be essential to identify the strategic challenges the company will face in the coming years, and based on that, clarify the requirements for future leadership.
- During these discussions, the independent directors contribute their diverse perspectives and assessments of the candidates, while the Chairman—who holds a holistic view of the organization—plays a central role in guiding and stimulating the discussion.
- This approach was highly effective last time, and I believe it will continue to function well. Therefore, while our committee structure may differ from standard market practices, it has been shown to be practically effective in the past, and will likely serve as the basis for our process this time as well.

Q3:

Since the formulation of the Carbon Neutral Roadmap 1.0 in 2020, it has not been sufficiently clear to investors how the investment and loan portfolio has evolved under the MC taxonomy. Given that the share of transition-related investments is expected to increase going forward, how does the Board of Directors monitor the portfolio to ensure alignment with Roadmap 2.0? In addition, how do you plan to communicate this progress to investors?

A: (Tatsuoka)

- Regarding internal operational management, the executive team would be better positioned to explain the detailed processes. As a general principle, however, when evaluating large-scale investments or projects that may have a significant carbon impact, their consistency with the roadmap is thoroughly assessed internally. When these projects are brought to the Board, we also evaluate them through the same lens.
- Regarding the investment and loan portfolio, while tracking the overall portfolio is important, the emissions profile per amount invested varies across individual investments. Therefore, rather than simply tracking the total capital deployed, we believe it is more appropriate to monitor the trajectory of our Scope 1, 2, and 3 emissions.
- Without going into the granular details of our disclosure framework, our Scope 1, 2, and 3 emissions data are rigorously analyzed and publicly disclosed. We believe this provides a reasonable baseline for understanding our progress against the roadmap, however, I would welcome your feedback if you feel this level of disclosure remains insufficient.

As an aside, the premise of my question is that, given the expected trajectory of emissions as the investment and loan portfolio changes, the market would appreciate hearing the Board's perspective—from a sustainability governance standpoint—on whether the company is actually on track to achieve its targets.

A: (Tatsuoka)

- As you pointed out, properly monitoring our progress is critical. In practice, this is continuously tracked through internal frameworks such as the Sustainability Committee and the EX Committee.
- Once their discussions have been consolidated, the outcomes are reported to the Board of Directors. The Board then reviews these reports to assess whether the company is on track to fulfill the roadmap. We believe this constitutes a robust framework for continuous and effective follow-up and discussion.

Q4:

I am very encouraged to see that today's presentation outlined a clearer strategy for growth. While the company aims to achieve medium to long-term growth through investments, your ROA has been relatively low compared with peers, both currently and over the past couple of years. From an investor perspective, there is also a perception that over the past 20 years or so, the company may not have consistently made strong investment decisions.

With developments such as the Aethon transaction, we hope to see investments that will actively contribute to future growth. However, how are concerns regarding relatively low ROA and the perception of past investment quality being discussed at the Board level? Investors would like independent directors to appropriately share this sense of urgency with management and provide constructive input. Could you elaborate on the nature of these discussions?

A: (Sagiya)

- While the Aethon investment has attracted significant attention, a number of other relatively large-scale investment opportunities were under consideration prior to this transaction, both at the Board level and through other forums. These were assessed with careful consideration of risk, including changes in the macroenvironment and the appropriateness of the terms, before a final decision was reached.
- Similarly, in the case of Aethon, the Board conducted multiple reviews starting around the middle of last year, repeatedly providing feedback and raising questions as more detailed information became available. Several other projects have undergone a similar level of scrutiny.
- Accordingly, we do not have any concerns regarding a lack of new investment opportunities being generated or considered. The executive team has been actively

identifying and exploring such opportunities, and we believe there is a high level of awareness.

A: (Tatsuoka)

- Your point regarding asset efficiency and relatively low ROA is indeed a valid and important concern. I have seen many such external analyses since I first joined the Board several years ago. Internally, these metrics are reported to and discussed by the Board each year as part of our regular portfolio reviews, where they are analyzed from various perspectives, including investment segment and timing.
- While it is always important to reiterate a sense of urgency, my view is that management is already highly aware of this issue. This is precisely why the company emphasizes “Enhance / Reshape” initiatives before “Create.” This reflects the need to reassess existing assets—particularly long-held assets whose efficiency may have declined over time due to insufficient follow-up post-investment.
- Similarly, the Value-Added Cyclical Growth Model, which was first introduced more than six or seven years ago, is predicated on the idea that assets should be actively replaced if we are no longer the best owner, if they lack further growth potential, or if they fail to meet required returns. I view this as a direct reflection of that sense of urgency, which is well-recognized throughout the company.
- The key challenge, however, lies in identifying the next wave of investments and transformation initiatives. Ideally, there would be numerous high-quality opportunities readily available; in reality, it takes considerable time and effort to build the conviction required to deem a project truly viable.
- Aethon, for example, involved multiple complex considerations, but we dedicated ample time to thoroughly discuss them before deciding to proceed. Conversely, there were other large, potentially attractive opportunities that the Board and the executive team examined in detail from an early stage, but which ultimately did not materialize.
- To improve capital efficiency and deliver value to investors, it is essential to follow a disciplined capital allocation process: enhancing existing assets to generate cash, and then reallocating that capital effectively into new investments. While this may sound straightforward, executing it rigorously is critical. As independent directors, we intend to continue monitoring this process closely, and we believe the executive team shares an even stronger sense of urgency in this mandate.

Q5:

While I certainly want to see the company pursue large-scale investments—particularly those that can drive a significant improvement in ROE—with the

support of independent directors, I also believe that share buybacks and overall capital policy are equally important alongside those investments. In fact, from my perspective, positioning share buybacks as a regular capital allocation option could help promote stronger investment discipline. How are share buybacks discussed at the Board level?

A: (Tatsuoka)

- There are various perspectives on share buybacks and cancellations, and I fully understand that, from an investor's standpoint, such measures are often expected. However, I believe that our foundational priority should be strengthening our fundamental earnings capability and generating robust cash flows. That capital should then be allocated to investments with clear strategic rationales and attractive returns, thereby expanding scale and improving overall efficiency.
- When these investment objectives cannot be met, returning capital to shareholders becomes a viable option—as was seen at the end of the previous corporate strategy, when ¥1 trillion was returned to the market by way of share buybacks, including unused funds. However, as a basic principle, we believe that our first priority must be improving business efficiency, scaling operations, and driving growth. Only if capital cannot be effectively deployed toward those goals should we consider alternative actions.
- Beyond that, it becomes a question of how to structure our broader capital policy while taking our ROE targets into account. While there will likely be a time to engage in deeper discussions on this in the future, my view is that now is not the appropriate time. If this comes across as too direct, I apologize to the executive team, but speaking candidly, this is my current perspective.