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Mitsubishi Corporation (MC)
Earnings Briefing Q&A
FY2025 Q2

Date and Time:	Thursday, November 6, 2025; 14:00 to 15:00	
Presenters:	Katsuya Nakanishi:	Representative Director, President & CEO
	Yuzo Nouchi:	Representative Director, Executive Vice President, Chief Financial Officer
	Kenji Kobayashi:	Executive Vice President, Chief Stakeholder Engagement Officer
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Q1:

Regarding achieving the target ROE of 12% in FY2027 which was set forth in Corporate Strategy 2027 (CS 2027), I believe this will require a significant increase in profits. As it has now been six months since the announcement of CS 2027, could you share your impressions as President & CEO at this point in time? The market appears to be forecasting consolidated net income of around ¥900 billion for FY2027, factoring in projects which have already been announced and a recovery in market conditions. As you aim for ¥1.2 trillion, what kind of growth investments are you considering going forward, and could you share the current status of those considerations, to the extent possible?

A:

- It has been six months since we announced CS 2027 in April 2025, and I feel a strong sense of progress. The reason for this is that we made considerable preparations in formulating CS 2027. After assuming my role President & CEO in FY2022, I implemented Midterm Corporate Strategy 2024 (MCS 2024), restructured the organization beginning FY2024, appointed new segment CEOs, and over the past year and a half, as personnel changes have taken place, our ability to originate new investments has grown significantly. Of course, for each investment under consideration, there are various factors such as the presence of partners and the maturity of discussions, but we took these into account when announcing CS 2027.
- In MCS 2024, we aimed for ¥3 trillion in investments, including ¥1 trillion in sustaining capex, and the actual result was about ¥2.8 trillion (¥2.9 trillion). In CS 2027, we are targeting ¥4 trillion in investments, or ¥3 trillion excluding sustaining capex. Through our Enhance, Reshape, and Create initiatives, we have increased our investment plan by ¥1 trillion compared to MCS 2024 (excluding sustaining

capex). In the current business environment, we intend to further Enhance, Reshape, and Create through bolt-on investments and other means. In the supplementary materials for investors we released in April 2025, we provided a breakdown of these investments project by project, indicating the expected profit contribution based on the maturity of each investment. For example, for Create projects, we have allocated ¥1 trillion of planned investments, but there is a long list of potential investments that far exceeds this amount. While it is not possible to execute all of them, we are considering how much can be accomplished within the three-year period. Compared to the sense of progress felt during the three years of MCS 2024, I feel a much stronger sense of momentum now, having entered the second half of my term [as President & CEO] with CS 2027.

- While I can only speak qualitatively and cannot provide specific examples in detail, for Enhance, we already announced initiatives in the salmon farming business [Cermaq Boosts Production Capacity with Acquisition of Grieg Seafood Operations], and LNG Canada. For Reshape, we announced the privatization of Mitsubishi Shokuhin [Announcement of Commencement of Tender Offer for Shares in Mitsubishi Shokuhin Co., Ltd.]. We are providing explanations and updates as soon as these initiatives can be publicly announced. For Create, the pipeline is steadily building up, and I am confident we can demonstrate the reliability of our profit contribution figures by sharing with you further updates as soon as possible.
- Based on all of this, I believe that our target of ROE 12% for FY2027 is fully achievable. As I mentioned at our FY2025 Q2 earnings results announcement two days ago (November 4, 2025), our consolidated net income outlook for FY2025 is ¥700 billion, which is a lower figure compared to recent years. However, if we continue to execute our strategy, I am confident that we can achieve our targets for FY2027.

Q2:

The progress of Enhance initiatives set forth in CS 2027 is difficult to gauge from the outside. In addition to LNG Canada, the steelmaking coal business, and the salmon farming business that you have already mentioned, is there anything else that had been achieved through your own efforts?

A:

- As I touched on in my answer to the first question, Enhance initiatives offer the highest certainty for profit growth [higher than new investments under Create]. Regarding LNG Canada, the first cargo was shipped in June, and the second train will be completed with cargo shipments to follow this November. I believe LNG Canada is making steady progress.
- Beyond that, as some of you who have visited our steelmaking coal mining

operations [in Australia] have seen, we are making steady progress in our Enhance initiatives there, including addressing issues such as pre-stripping. While the profit improvement effects may not be immediately visible, we are making steady progress toward FY2027.

- Additionally, we have reached an agreement to acquire Grieg Seafood's salmon farming businesses, which are located close to Cermaq's operations. Because of the proximity of both farming areas, we expect significant synergies from this bolt-on investment. Preparations for integration are underway, and we have been making steady progress in implementing Enhance measures.
- In new areas, we are seeing robust growth in power demand in the U.S. driven by data center needs. This presents a major opportunity to add higher value to our existing assets, so we are currently working on initiatives related to the North American power business to ensure we do not miss this timing.
- Six months have passed since the announcement of CS 2027 in April 2025, and we are now conducting follow-up sessions with the CFO and each business segment. We are having in-depth discussions with each segment CEO to review progress to date. We are focusing on Enhance, Reshape, and Create initiatives to increase the reliability of profit contributions. While results may not be immediately apparent, we are working to ensure that we deliver our targets during the CS 2027 period.

Q3:

Regarding the steelmaking coal business, you have previously explained that production will recover toward FY2027. However, current supply and demand conditions are much looser than previously expected, and prices remain sluggish. Your presentation materials also suggest that this situation may persist for some time. Given that BMA, which represents a significant share in the steelmaking coal business, was originally expected to contribute profit in the second half of this fiscal year and next fiscal year, is there a possibility that recovery will be delayed further, meaning that it may not occur in H2 or next year, and get pushed back even further?

A:

- I understand your question is about whether the recovery in steelmaking coal prices may be delayed, and it may cause further delay of BMA's profit contribution. Indeed, I believe the recovery in steelmaking coal demand and price is slower than we initially anticipated. While market conditions have gradually improved compared to the beginning of this fiscal year, we originally expected further recovery in H2. Looking at the current situation, it may take some time before we see a significant rebound.
- However, steelmaking coal prices, market conditions, and supply/demand are

beyond our control. From a medium to long-term perspective, considering other steelmaking coal producers, the current price level is not only unprofitable but also puts pressure on their cash flow, so I do not expect these prices to persist indefinitely. That said, it is difficult to predict whether there will be a rapid recovery in H2.

- On the other hand, as we have previously explained, while there is little we can do about prices, we are taking firm measures to recover productivity. In the first half of this fiscal year, pre-stripping has progressed largely as planned. We expect prices to stabilize at some point, and our strategy is to be well-positioned to benefit from that tailwind when it arrives.
- We have been steadily working on pre-stripping, and in recent years, supply capacity was challenged by labor issues following COVID-19 and by weather-related disruptions, but we have been optimizing our operations. We are now seeing a gradual increase in prices, and we are quite hopeful about this trend.

Q4:

Some investors feel that your company's P/E ratio and valuation indicators appear much higher in comparison to those of other companies, and that the current share buybacks play a major role in supporting your share price. Looking at the situation in the first half of this fiscal year, there are concerns that, with the recovery in the steelmaking coal and automotive businesses being delayed and the share buybacks scheduled to end in March 2026, shareholder returns may not be delivered seamlessly if the recovery of business performance is also delayed. Given that you have also set leverage targets, should investors be concerned about this? How do you view the relationship between shareholder returns and business performance trends?

A:

- We recognize that share buybacks are one factor supporting our share price.
- On the other hand, as related to questions received in advance, in the Mineral Resources segment, we have reached a final agreement for joint operations with Codelco in Chile (joint operation with the adjacent AAS copper mine) [Definitive agreement to implement a joint mine plan between Los Bronces and Andina copper mines] and have agreed to acquire interests in the Copper World project in Arizona [Mitsubishi Corporation to acquire shares in Copper World copper mine project in the US]. These projects will take several years to begin contributing to earnings, but in our mineral resources business, in addition to the existing pillar of the MDP steelmaking coal business in Australia, we are now able to announce new copper initiatives that will contribute to earnings as well.
- We are also proceeding with the delisting and privatization of Mitsubishi Shokuhin to prepare for future management improvements. I believe that our efforts in the

salmon farming business, food distribution business, and mineral resources business, which we have announced over the past six months, are being positively evaluated by the market. LNG Canada is also making steady progress, and while we are not yet in a position to announce other projects, we are moving forward with the necessary groundwork. Taking into account expectations for these initiatives, I understand that our current P/E ratio is being evaluated in this context.

Q5:

Earlier, you mentioned feeling a strong sense of progress. I'd like to reconfirm your current view on the company's earnings power. Based on the figures announced over the past two to three quarters, your target for consolidated net income in FY2027 is ¥1.2 trillion, which would require quarterly net income of ¥300 billion. However, excluding one-time gains and losses, current quarterly net income appears to be about half that amount. This raises concerns about whether your earnings power is truly enough. What is your perspective on these figures as President & CEO? Also, as Enhance is a key initiative in CS 2027, you are targeting an increase of ¥250 billion in consolidated net income over the next three years. How much of that increase do you expect to achieve this fiscal year?

A:

- We are keenly aware of the need to strengthen our earnings power, and internally, we recognize the importance of demonstrating this more clearly. That's why we have included underlying operating cash flow as a management KPI, with a target of ¥900 billion for this fiscal year. Compared to FY2024, consolidated net income is projected to decrease from ¥950 billion to ¥700 billion in FY2025, mainly due to absence of revaluation gains from Lawson [following its conversion to an equity-method subsidiary] and gains from the sale of two steelmaking coal mines. As for earnings power, as I mentioned earlier, underlying operating cash flow was about ¥950 billion [¥983.7 billion] last year, and our budget for this fiscal year is ¥900 billion. As of the end of Q2 FY2025, underlying operating cash flow stands at approximately ¥450 billion, representing roughly 50% progress. Our challenge is to build up assets and drive further growth from this point onward, so I do not believe our earnings power itself has declined significantly. In any case, we are not at all satisfied with the ¥900 billion outlook for this year, and our focus remains on how to further enhance our earnings power.
- Along those lines, the profit increase from Enhance initiatives is expected to be ¥250 billion from FY2025 [FY2024 actuals excluding capital recycling gains / losses and one-time items] to FY2027, and more than ¥300 billion in underlying operating cash flow.
- One of the major highlights for this fiscal year is LNG Canada. It is expected to account for a significant portion of the ¥250 billion increase in consolidated net

income targeted for FY2027. Although operations commenced in FY2025, depreciation started immediately upon start-up, and therefore, profit contribution will not materialize until FY2026 and beyond. We expect the project to steadily ramp up and make a meaningful contribution to earnings in FY2026 and FY2027. As for MDP, market conditions remain challenging this year, but our projections reflect the growth we aim to achieve by FY2027.

Q6:

Regarding the ¥250 billion increase in consolidated net income through Enhance initiatives, does this plan rely heavily on profit growth from LNG Canada and MDP?

A:

- In addition to LNG Canada and MDP, the North American power business is also included. To elaborate on the North American power business: as I mentioned earlier, there is urgent demand for electricity in North America. We own various types of peaker plants [facilities that operate during periods of high electricity demand), and typically these are kept on standby. If we sell the electricity generated through these assets, we can provide "Time to Power" and deliver electricity to data centers that need it immediately, and sell at a premium.
- The major contributors to the ¥250 billion increase in consolidated net income by FY2027 are these business areas. Beyond that, if we thoroughly enhance other businesses—those contributing tens of billions of yen—we believe we can achieve the ¥250 billion profit increase as planned.

Q7:

Could you clarify your stance on asset divestitures and recycling? Last fiscal year we saw several divestitures, including Lawson and the two steelmaking coal mines, which contributed to earnings. My understanding is that, under CS 2027, you are now focusing more on accumulating assets. Does this mean we should expect less profit from asset divestitures going forward? How do you plan to approach asset divestitures under the current strategy?

A:

- In MCS 2024, our main focus was on the Value-Added Cyclical Growth Model, primarily replacing underperforming assets or those with slowing growth.
- Regarding the sale of the two steelmaking coal mines, we narrowed our portfolio from seven mines to those with the most competitive assets, selling off the others. This was less about replacement and more about consolidating our competitive position through asset divestitures.
- Under CS 2027, our approach is not limited to divestitures. Within the Value-Added Cyclical Growth Model [Value Creation Framework], we are enhancing,

reshaping, and creating. Even within Enhance, there will be some asset recycling, but our main focus is on bolt-on investments. Previously, we targeted underperforming or slow-growth assets, but now, we are also allocating capital for bolt-on investments in existing businesses, aiming for profit growth. We believe these are the most reliable opportunities, which is why we have set an investment plan of ¥1.5 trillion for Enhance initiatives. While results may not be immediate, we are confident that this approach will enable us to achieve consolidated net income of ¥1.2 trillion by FY2027.

Q8:

In the FY2025 Q2 financial results presentation materials [page 10], it is stated that the profit contribution from Cermaq's acquisition of Grieg Seafood's operations will begin in FY2026, and the profit contribution level is for FY2027. Is it correct to understand that profit contribution will start in the latter half of FY2026 and reach its full scale in FY2027? Also, since Cermaq's business performance in H1 FY2025 has recovered compared to the previous year, could you provide an update on Cermaq's current situation?

A:

- Regarding the profit contribution from Cermaq's acquisition of Grieg Seafood's operations, your understanding is correct: profits will increase gradually in FY2026, and we expect a contribution of over ¥10 billion by FY2027. Furthermore, from FY2028 onward, we anticipate that profit contributions will reach a normalized level, allowing us to fully capture the benefits of this investment.
- As for Cermaq's current situation, last year the company faced a reduction in volume and growth of biomass due to disease, so we expected this year's earnings to be lower than its normalized levels. In fact, the overall farming environment for this fiscal year has been better than anticipated, resulting in slightly positive outcomes for biomass growth. However, this has led to an increase in the global supply of salmon, causing prices to fall significantly. As a result, not only Cermaq but other producers have seen a notable decline in earnings, especially in the first half of this fiscal year. For Cermaq, we expect this fiscal year to be somewhat tougher than our original forecast.
- Nevertheless, with initiatives such as the acquisition of Grieg Seafood's operations, we are taking firm steps, and we expect consolidated net income to return to near-normalized levels from the next fiscal year onward.

Q9:

The forecast for Material Solutions segment has been revised downward. Could you explain the current situation and expected timing for recovery? Also, page 11 of the FY2025 Q2 financial results presentation materials describes the status

of Enhance initiatives in the steel products and essential materials businesses. Could you also share when these initiatives are expected to contribute to earnings?

A:

- The downward revision in the Material Solutions segment is mainly due to the trading business, which has faced greater challenges than initially anticipated. After reviewing our performance outlook for this fiscal year, we determined that it would be difficult to offset the tough results in H2, so we lowered our forecast.
- Regarding the steel products and essential materials businesses, we expect profits to be weighted more toward H2, so earnings should recover compared to H1. However, as the main reason for sluggish prices in steelmaking coal is the depressed market conditions of steel products driven by excess steel exports from China, we believe that this is affecting our steel products business to some extent. Therefore, for Material Solutions—including the steel products business and trading businesses such as chemicals—we have taken a more conservative view and lowered our performance outlook for this fiscal year.
- As for the profit contribution from Enhance initiatives, these are expected to materialize not so much this fiscal year, but rather from next fiscal year onward.

Q10:

You mentioned feeling a strong sense of progress and having made considerable preparations, as well as having developed the ability to originate new projects. While the actual investment amount under MCS 2024 was ¥2.8 trillion, CS 2027 sets an investment plan of ¥4 trillion. We have heard news about large-scale investment projects, such as Aethon Energy, which seem quite substantial. In which field are you currently considering investment projects, and how are you thinking about platform-type investments? Given that the long list of growth investments may actually exceed the ¥4 trillion investment plan (which includes ¥1 trillion of sustaining capex), could you share the business areas that you are considering and the progress of these considerations?

A:

- Regarding the business areas we are focusing on, we are clearly prioritizing areas and regions where our company has strengths. In the current environment of geopolitical risks and business uncertainty, it is difficult to pursue entirely new ventures in unfamiliar territories. Internally, we are constantly discussing which countries and regions offer the best prospects for growth, and we recognize the need to proceed with greater caution given the pace of change in the world.
- As for our key points, MCS 2024 was centered on the concept of MC Shared Value. For CS 2027, the tagline is “Leveraging Our Integrated Strength,” which refers to our many industry touchpoints—what we call our platform. This is what

differentiates us from private equity funds, and we believe it is a source of strength. Rather than simply aggregating individual projects to generate numbers [profit], we envision having one standout initiative that, when leveraged as a platform, can deliver additional value. Internally, we often use the analogy of having a strong foundation (the ground floor), and then building additional value on top (the second, third floor, etc.). In the past, projects tended to be completed in isolation—for example, salmon being processed into *onigiri* at Lawson, all within a vertical silo. As a company, we are returning to our roots, recognizing that our core strength is diversification, our integrated capabilities, and pursuing strategic investments to build on it.

Q11:

Earlier, you mentioned LNG Canada, MDP, the North American power business, and Cermaq as profit growth drivers for CS 2027, noting that the timing of earnings contributions will differ for each. For next fiscal year, which major drivers do you expect to contribute to earnings growth?

A:

- Some projects will begin contributing to earnings as early as FY2026, while others will take longer. In particular, not all Create initiatives will deliver significant earnings contributions immediately; for example, brownfield acquisitions may start contributing from FY2026, but greenfield projects will require more time. For instance, the Copper World project in Arizona, which I mentioned earlier, is a greenfield project, so it will take a certain amount of time before it contributes to earnings.
- Not all projects are expected to deliver short-term earnings growth next fiscal year, but we are actively pursuing both short and medium-term initiatives as part of our overall strategy, and are currently engaged in active discussions about which business areas and regions to prioritize. We have a robust pipeline of investment projects and are eager to pursue these opportunities. While I cannot share all the details, I hope you can read between the lines of my response.

Q12:

You mentioned that there is a robust investment pipeline. From your perspective as President & CEO, do you feel that the number of investment opportunities with high certainty of execution is increasing?

A:

- Whether or not we can proceed with investments requires a calm and objective assessment; we must avoid being influenced by prevailing circumstances. What makes the current environment particularly challenging is that we are at a turning point. For example, both energy and AI are undergoing significant changes, so we need to make investment decisions with caution. Currently, we are operating a data center business in Japan, and together with our partner in Japan, Digital Realty, we have also launched operations in the United States. However, the pace of change is continuing to accelerate, and we must carefully consider whether we can ride this wave.

- The energy sector as a whole is also at a turning point, and we recognize the need to respond carefully.

Q13:

With the launch of the new corporate strategy (CS 2027), Enhance initiatives are positioned as the main driver of profit growth, but from the outside, its progress can be difficult to discern. Previously under MCS 2024, efforts were focused on turning around struggling businesses, but now the concept has been expanded company-wide, with a target of ¥250 billion in profit growth by FY2027—more than double previous initiatives. However, the timeline and milestones may appear somewhat unclear, and the approach may seem relatively conceptual. It appears that a wide range of initiatives are being segmented under Enhance, which makes it difficult from an external perspective to forecast specific profit contributions. I assume that internally there are concrete action plans. Could you elaborate more on the commitments, promises, and approaches you have agreed upon with each segment CEO, and how management and segment CEOs are setting milestones to achieve the ¥250 billion profit growth over the three years?

Additionally, the timeline for the combined ¥150 billion target from Create and Reshape initiatives seems ambiguous, but I believe the plan is to realize profit growth by FY2027. Structurally, as long as the groundwork is laid by then, that might be sufficient, but if so, it would be better to accelerate investments rather than spread them evenly over three years. Otherwise, it's hard to see the difference between MCS 2024 and CS 2027. What are your thoughts on accelerating progress to ensure results materialize within three years? I realize this is a conceptual question, but I'd appreciate your insights.

A:

- Both questions are challenging, and I have no further explanation beyond what I've shared so far, but let me try to address them together. The profit growth targets for FY2027—both consolidated net income and underlying operating cash flow—have been set with the intention of achieving ROE of 12% by FY2027, even though there are only two and a half years left. For greenfield projects, it's natural to question whether these targets can truly be met by FY2027, but our current pipeline includes both existing and greenfield projects. We are carefully assessing each project's maturity and timeline for cash generation, planning when profit contribution will begin. We are not simply accumulating a list of uncertain “Project X” initiatives; our schedule incorporates the expected timing of profit contributions, and we are confident that cash flow will materialize as planned.

- Regarding the point that Enhance lacks clarity, as I’ve explained, examples include stable supply through pre-stripping and buildup of raw coal inventory in the steelmaking coal business, profit improvement in Japanese and North American real estate, though these are not large projects, and the North American power business—all of which are expected to contribute to earnings growth through Enhance. In the copper business at Quellaveco, we are working to achieve targets and improve productivity, and [Enhance] also includes initiatives such as the bolt-on investment in the salmon farming business. With these initiatives, we believe the ¥250 billion profit growth target for FY2027 is achievable. Of course, it is important to explain these efforts to everyone, but our focus is on actually achieving the FY2027 targets, and we are rigorously verifying the reliability of our plans through robust internal discussions.

Q14:

Internally, I understand that each segment is setting milestones and missions, starting with broad strategies and then moving to concrete measures. Is it correct to say that you are making steady progress in building up these initiatives and have concrete action plans in place?

A:

- For each segment, we set KPIs, and whether those KPIs are achieved or not is clearly reflected in the (segment’s) evaluation. This is a fundamental part of our approach.

Q15:

This overlaps with the first question, but as you mentioned, your company’s current valuation and P/E ratio reflect numerous factors, including growth expectations and support from share buybacks. When considering purchasing your shares from an investor’s perspective, delivering strong performance and creating the perception that the stock is undervalued is key in expanding the “fan base”. From this stand point, while we need to check the outcomes of initiatives like Enhance, it’s also important to see how large-scale investments can drive profit growth. Could you share more about the status of large-scale investment considerations in relation to current valuations? While I recognize your earlier point that you “are at a turning point,” I also believe there are aspects that will remain unchanged. With that in mind, I’d like to hear about the status of considering large-scale investments.

A:

- Regarding large-scale investments, the definition of “large-scale” may vary, but regardless of whether they fall under Enhance, Reshape, or Create, the investment amount for projects such as the privatization of Mitsubishi Shokuhin, the recent Copper World project [agreement to acquire shares in a copper mine project], and agreement by Cermaq to acquire Grieg Seafood’s operations exceed approximately ¥100 billion. These types of projects were not seen much under MCS 2024, but now we are seeing more of them. There are a number of projects emerging with investment amounts of ¥100 billion or more.
- Rather than focusing solely on the size of the projects, we are seeing more large-scale investments that are ¥100 billion or more in business areas where we have strengths—business areas that are central to our company—and the pipeline is robust. Some projects are still in the early stages of consideration, others are in progress, and some are moving toward final implementation. All of these are at a different phase. Since these involve counterparties, unfortunately, some deals have not been finalized. Even for projects where an agreement was not reached, the amounts involved were substantial. Taking all of this into account, we are also considering alternative projects. This is what I can share at this time.

Q16:

I’d like to ask about your approach to equity-method investments. In recent years, there has been a trend toward resolving parent-subsidiary listings on the Tokyo Stock Exchange (TSE), but the TSE is still weighing listed equity-method investments, so I understand there hasn’t been any strong guidance yet. Whether it’s parent-subsidiary listings or listed equity-method affiliates, the key issue is whether you can enhance the corporate value of subsidiaries and affiliates. That’s the fundamental perspective. Without referring to individual cases, your company has various equity-method affiliates—what discussions are you having about these? It’s a broad question, but do you think the current shareholding ratios are appropriate, or are you considering to review from scratch?

A:

- When we consider why we invest in these companies, enhancing corporate value is a major objective. Whether or not we can contribute to increasing corporate value is the basis for our Value-Added Cyclical Growth Model. If an investment no longer fulfills its role in enhancing the corporate value of the companies we invest in, we decisively consider it for replacement.
- Regarding equity-method investments, we recognize the issue of whether it is sufficient to simply pick up the P&L (profit and loss) from these investments. That’s why, in CS 2027, we made underlying operating cash flow a KPI, emphasizing the importance of not only earnings power but also cash conversion. If we are unable

to convert our investments into cash, we face potential exposure to future impairment risks due to a difference between our P&L and cash flow. Also, there could be exchange rate issues in the case of overseas transactions. Maximizing cash recovery is essential, as it ultimately becomes the source for shareholder returns. Our approach to equity-method investments is being carefully reviewed as part of CS 2027.

- Therefore, introducing underlying operating cash flow as a KPI is part of this effort. If we have strong confidence in an investment, we may consider delisting or taking control and acquiring a majority stake. Of course, if the counterparty does not wish to sell, a deal cannot be made, but if we see real value in doing so and can further enhance corporate value, we believe it makes sense to invest our resources and take full ownership.

Q17:
It seems that the Isuzu business in Thailand is facing considerable challenges. What is your outlook for this business, and what is your growth strategy for the Mobility segment as a whole?

A:

- As you know, the automotive business in Thailand is still struggling, although there are some signs of recovery for passenger vehicles but still no such signs for pickup trucks. The main issue is credit risk when customers take out loans to purchase pickup trucks—stricter credit evaluations have made it difficult for some customers to obtain loans, resulting in lower sales volumes. On the other hand, we are strengthening customer service through digitalization and AI, and working to improve sales productivity to counter the decline. While the Thai business is facing difficulties, pickup truck demand in Australia is performing well. By further strengthening our relationship with Isuzu, we aim to overcome the current challenges in our ASEAN business.
- Regarding the Mobility segment's growth strategy, in addition to the automotive business in Asia, we are building platforms to expand exports from Asia to Africa and the Middle East, and considering similar initiatives in Australia. Furthermore, for our mobility services business, we are exploring business models that leverage our platform to handle vehicle types and OEMs beyond those we have traditionally managed, in different regions. This is still in progress and not yet at a stage where we can share details, but it is a major theme as we consider the future direction of our mobility business.