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Mitsubishi Corporation (MC)
Earnings Briefing Q&A
FY2025 Q3

Date and Time: Friday, February 6, 2026; 16:30 to 17:30

Presenters: Yuzo Nouchi: Representative Director,
Executive Vice President, Chief Financial Officer
Yoshihiro Shimazu: Senior Vice President, General Manager,
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Q1:

I would like to reconfirm the factors driving the FY2026 earnings outlook. In yesterday's press Q&A, you explained some of the positive factors, such as LNG Canada, but I would appreciate it if you could walk us through them once again.

A:

- Regarding the major factors driving changes in earnings toward FY2026, among the large-scale initiatives undertaken in FY2025, our entry into the U.S. shale gas business is expected to begin contributing to earnings from FY2026 onward. In addition, LNG Canada is expected to start contributing to earnings in FY2026, representing year-on-year growth compared to FY2025. Furthermore, the acquisition of the salmon farming business and the full consolidation of Mitsubishi Shokuhin within the S.L.C. segment will have a meaningful contribution to earnings. These factors represent the primary drivers of the expected increase in earnings from FY2025 to FY2026.

Q2:

To the extent possible, could you share the estimated contribution amounts for each of these items? Regarding the profit contribution from acquisition of the U.S. shale gas business, you mentioned at the investor meeting that it would be ¥70–¥80 billion in FY2027. Since FY2026 will be the first year of contribution, I assume it will be lower than that level—what is your current view?

A:

- The profit contribution is expected to be ¥70–¥80 billion in FY2027, and we anticipate that FY2026 will be somewhat below that level. Separately, the full consolidation of Mitsubishi Shokuhin is expected to provide an uplift of approximately ¥10 billion [incremental profit contribution in FY2026 compared to FY2024]. With regard to the acquisition of the salmon farming business by Cermaq, we expect a profit contribution of around ¥10 billion in FY2027.
- Regarding the first point on the U.S. shale gas business, while I mentioned that

profit contribution in FY2026 will be somewhat lower than FY2027, more specifically, we currently expect a contribution of approximately ¥50 billion in FY2026.

Q3:

Regarding shareholder returns, you mentioned that your overall stance remains unchanged even after the recent large-scale investment. Could you elaborate on how you are thinking about the balance between dividends and share buybacks? The FY2025 share buyback program is substantial at ¥1 trillion, while the attractiveness of the dividend yield in FY2026 appears to be declining due to rising share prices. Will you take these factors into consideration when determining the balance between dividends and buybacks? Also, as the net D/E ratio may temporarily exceed 0.6x, will you proceed with shareholder returns only after assessing that situation carefully?

A:

- With respect to our approach in shareholder returns, I would like to reiterate that there has been no change from what we have previously communicated. We will base shareholder returns on progressive dividends, while flexibly implementing share buybacks, in order to deliver total returns through a combination of dividends and share buybacks to our shareholders.
- Since progressive dividends will be the foundation of our shareholder returns, we will maintain the current dividend, as well as next fiscal year's forecast at ¥110 per share. Beyond next fiscal year, we basically do not intend to lower the dividend level. As for how and when we will implement dividend increases or share buybacks, we are not in a position to comment on specifics at this point.
- Regarding your question on whether the net D/E ratio temporarily exceeding 0.6x would affect the timing of shareholder returns, we already recognize that this increase will be temporary and therefore it does not restrict us from determining our dividend or share buyback policy.

Q4:

On shareholder returns, you mentioned that dividends will be increased on a progressive basis. In the past, not only your company but also other companies with progressive dividend policies have tended to raise dividends steadily. With dividend yields declining due to rising share prices, and given that you do not frame your communications in terms of total payout ratio, could you share any thoughts or insights into your internal discussions on this topic?

A:

- We recognize that dividend yields have declined as a result of the rise in our share price. We continuously discuss our approach to shareholder returns, including

considerations around timing and how best to communicate with the market. At this point, that is all I can share.

Q5:

My impression is that third-quarter earnings were quite strong, with quarterly profit exceeding ¥200 billion excluding capital recycling and other one-time items. At the press conference, I believe you mentioned that earnings are gaining traction. While there are some seasonal factors, such as Eneco, copper and steelmaking coal prices have recovered. Do you view ¥200 billion in quarterly profit as sustainable? In addition, looking ahead to next fiscal year, simply annualizing this number would suggest consolidated net income approaching ¥900 billion. Could you share your perspective on next year's earnings expectations?

A:

- This fiscal year has shown strong progress, and normalized profit in the third quarter exceeded our original expectations, which is why we mentioned that we are gaining traction. Earnings have been improving across segments, rather than being driven by a single segment, and from that perspective as well, we believe the overall balance of earnings has improved.
- That said, not everything is progressing smoothly. For example, in the case of LNG Canada, we had assumed upfront costs from the outset this fiscal year, so we do not expect a significant profit contribution this year. In fact, excluding the tax gains recognized as one-time items, the contribution is expected to be negative. Although Train 2 began production last November, operations do not always proceed smoothly in the initial phase, and adjustments during the ramp-up phase are still ongoing. As a result, some cargo deliveries have been pushed into next fiscal year, making this business one of the negative factors in current earnings and part of the reason for the downward revision to this year's forecast.
- As for whether next year's net income will simply be four times the third-quarter level, I cannot say. Some businesses that performed well in the third quarter may slow down, but at the same time, we are seeing factors that can offset such slowdowns. The timing of recovery will depend on various factors, including market conditions. Therefore, it will not be a simple multiple of third-quarter earnings. However, as I mentioned yesterday, our earnings power has clearly improved compared to the first and second quarters of this fiscal year.

Q6:

Regarding the Enhance initiatives on page 12 of the [FY2025 Q3 earnings results materials](#), you have provided more detailed disclosure this time. Under the ¥90 billion contribution attributed to “reinforcing the earnings base of non-resource

businesses,” several new business areas are listed—namely the North American power, food & wellness, farm, dairy & meat products, and industrial machinery. Rather than asking about each individual item, I would like to understand which subsidiaries within these business areas are expected to drive growth. It would be helpful to have some context so that, when looking back later, we can clearly understand what these were referring to. If there are any businesses within these areas where you expect meaningful growth, could you please provide a bit more color?

A:

- I would be happy to elaborate on representative businesses expected to drive earnings growth under “Enhance 2.0,” following the order shown in the materials.
- First, in the North American power business, a key example is Diamond Generating Corporation (DGC) in the United States. We aim to provide customer-centric solutions that address specific challenges by leveraging the strengths of DGC’s assets. We also intend to enhance earnings across the entire value chain through our integrated strengths, one example being joint initiatives with Aethon [our recently announced acquisition of a U.S. shale gas business].
- With respect to the Food & Wellness business, a representative example would be Mitsubishi Corporation Life Sciences in Japan. The company is one of the largest food ingredient manufacturers in Japan by market share. In addition to a prior expansion investment and the resulting growth in production and sales, we aim to further strengthen overseas sales by leveraging Mitsubishi International Food Ingredients, our U.S. subsidiary.
- For the farm, dairy & meat products business, Indiana Packers Corporation (IPC) in the United States is a key example. In our overseas meat products business, we aim to strengthen our meat processing operations by leveraging IPC as a platform, particularly in the U.S. where demand for meat products is expected to grow steadily.
- As for the industrial machinery business, we have companies such as Nikken Corporation in mind. Our objective is to improve profitability while enhancing operational efficiency including through digital and business process transformation initiatives.

Q7:

I would like to ask about pages 11 and 12 of the [FY2025 Q3 earnings results materials](#). Regarding the Enhance initiatives, I understand that most of the ¥110 billion profit contribution from executed projects will begin to materialize from next fiscal year onward. Could you provide a sense of how this contribution will be phased over the Corporate Strategy 2027 (CS 2027) period—for example, how much is expected next fiscal year versus the following year? If possible, could

you provide the contribution levels by project?

In addition, with total profit growth from Enhance initiatives targeted at ¥250 billion, the remaining ¥140 billion beyond the ¥110 billion from executed projects is of interest. To what extent has your confidence in achieving this remaining portion strengthened?

A:

- Of the ¥110 billion expected from executed projects, we have indicated that approximately ¥80 billion will come from non-resource businesses and around ¥30 billion from resource businesses.
- As mentioned earlier, LNG Canada has been undergoing production adjustments in FY2025, but for FY2026 we believe it can be brought close to full production. That said, once a facility begins operations, some adjustments are inevitable so it is uncertain whether LNG Canada will operate at full capacity throughout FY2026. However, toward FY2027 we expect it to account for a significant portion of the indicated ¥30 billion-plus contribution from executed resource projects.
- For non-resource businesses, profit contribution from the acquisition of the salmon farming business is expected to partially materialize in FY2026, and then reach the ¥10 billion-plus range in FY2027.
- With respect to asset turnover-type businesses, both complete and in development—particularly the ones that were in the red in FY2024, such as the North American real estate business—we are seeing fairly rapid improvement. As a result, we expect a positive earnings impact beginning FY2026, likely reaching the level of at least several billion yen.
- Within these executed projects, we already anticipate that the timing for asset turnover-type businesses will likely fall in FY2027, and for those projects, we are assuming profit contribution from FY2027 onward.

Q8:

In the Reshape section of the financial highlights on page 3 of the [FY2025 Q3 earnings results materials](#), it states that “several other projects are currently under consideration.” The fact that this is stated explicitly suggests a certain degree of confidence. Without going into specific details, could you provide some sense of whether these are projects where we might expect to see progress—and be able to confirm that progress—at a relatively early stage?

A:

- We currently have multiple Reshape initiatives under consideration. However, the timing of when these may become visible will depend on the progress and review of each individual project. At this stage, we are not able to comment on the expected timing of execution.
- It also remains uncertain whether all of these projects will materialize, and

depending on circumstances, we continue to consider whether and how to proceed.

Q9:

LNG Canada is expected to be a major driver of earnings growth next fiscal year. It appears that some production adjustments have been necessary, and that the ramp-up has been slightly slower than initially expected. If full production is defined as 100, roughly what level has been reached at this point? Also, what production level do you expect at the start of next fiscal year, and around when do you anticipate reaching full production?

Furthermore, to the extent possible, could you share to whom the LNG is being sold—for example, the countries or general customer profiles—and how pricing is determined? Is pricing linked to AECO, oil prices, or other market indices, and how sensitive is it to market fluctuations?

A:

- Production level has not yet reached full capacity at this point. We are operating the facility while making necessary adjustments.
- As for how long these adjustments will continue into next fiscal year, I must be candid and say that it is difficult to provide a definitive answer at this stage. Ideally, we would like to complete these adjustments and bring the project to full production by around the middle of next fiscal year. However, because this ultimately depends on on-site operations, I cannot make any definitive statements here.
- With respect to sales destinations and commercial terms, we are bound by confidentiality obligations with our counterparties, and therefore cannot provide details.

Q10:

You noted that mineral resources trading is performing well this fiscal year. Could you explain the driver behind this earnings growth and whether you expect this level of profitability to continue into next fiscal year?

A:

- RtM International (RtMI), our mineral resources trading company based in Singapore, generated higher earnings this fiscal year, supported by continued strong performance in copper concentrates and rising lithium prices.
- RtM Japan also contributed to this earnings growth. Higher precious metal prices improved sales margins and supported earnings. However, we do not expect this price surge to continue at the same pace. While we anticipate earnings to remain at a solid level going forward, we expect them to decline from this year's elevated level next fiscal year.

Q11:

Could you provide an update on the situation at MDP (Mitsubishi Development Pty / steelmaking coal business)? At the press conference, you explained to some extent that Queensland has experienced heavy rainfall, but could you elaborate further on the current conditions at the mines, rail infrastructure, and ports? What is your latest understanding of the situation?

A:

- There are two distinct factors affecting MDP. First, this is not directly related to rainfall. As BHP has also noted, since late last year, underground mining operations have encountered geotechnical conditions that were less favorable than originally anticipated. The operational adjustments required in response to these conditions have had an impact on performance.
- Separately, around January 11 of this year, Queensland experienced an extremely intense and concentrated rainfall event, well beyond initial assumptions. While we had a certain level of heavy rainfall in the fourth quarter of the previous fiscal year, approximately 70% of the rainfall recorded over that three-month period fell within just a three-day span during this latest event. At MDP, one particular mine was significantly affected. This was not unique to MDP; several other suppliers declared force majeure or temporarily suspended operations. As mentioned at the press conference, this disruption has also been one of the factors contributing to the recent increase in steelmaking coal prices.
- In light of this, both MDP and BHP are currently assessing the potential impact on fourth-quarter results. This assessment includes progress on pre-stripping, the resulting buildup of raw coal and saleable coal inventories, and ultimately the level of production that can be achieved. At this stage, it remains difficult to clearly determine the extent of these impacts.
- Accordingly, we believe it is appropriate to take a conservative view on fourth-quarter production, which is reflected in our latest earnings outlook.
- Even if part of this impact were to carry over into FY2026, we expect it to be temporary, with performance normalizing thereafter. This is our current assessment of the situation at MDP.

Q12:

Looking at the third-quarter results for the automotive business in Thailand and Indonesia, it appears that performance has been fairly solid, and perhaps even bottoming out. Could you explain the current political and economic conditions, overall automotive demand in Thailand and Indonesia, and what measures are enabling profits to begin moving in a more stable direction?

A:

- I will address Indonesia and Thailand separately.
- Starting with Indonesia, total industry demand for the three months of the third quarter of FY2025 was approximately 250,000 units, representing a 6.7% year-on-year increase. However, this demand has been partially supported by increased EV sales, mainly from Chinese manufacturers. Against the backdrop of economic deceleration, high interest rates, and weakening purchasing power in the middle class, the overall market environment remains sluggish.
- While total industry demand exceeded expectations in the third quarter, on a full-year FY2025 basis, total industry demand is expected to decline by about 7% year-on-year to approximately 800,000 units. Sales of Mitsubishi Motors vehicles during the three months of the third quarter totaled 21,000 units, up 13.8% year-on-year. This increase was driven by strong sales of the new mid-size SUV “DESTINATOR” launched in August 2025, as well as promotional activities during the year-end sales season and some last-minute demand ahead of anticipated vehicle tax increases. That said, on a full-year basis, sales of Mitsubishi Motors vehicles are also expected to remain under pressure due to overall market weakness.
- Turning to Thailand, total industry demand for the three months of the third quarter of FY2025 was approximately 170,000 units, an increase of 27.3% year-on-year. In the passenger vehicle segment, volumes increased year-on-year due to expanded EV sales—mainly from Chinese manufacturers—lowering prices due to intensifying price competition, and the introduction of new models. However, in the pickup truck segment, which is our core focus, the easing of tightened financing approval standards has not yet progressed. As a result, volumes declined by 0.3% year-on-year. While the rate of decline has slowed down, the market remains sluggish.
- Sales of Isuzu vehicles in Thailand during the third quarter totaled 20,000 units, down 1.7% year-on-year, reflecting weak demand in the core light commercial vehicle segment. Improved pickup models and SUV variants were launched in October 2025, and we are currently working to expand sales. Looking ahead, although the recovery in pickup demand driven by easing financing restrictions is taking slightly longer than initially expected, we anticipate a gradual pickup truck demand recovery from FY2026 H2 onward. Until then, given the continued challenging market environment, we intend to continue building sales volumes through detailed and targeted marketing activities.

Q13:

The reason you expect conditions to improve from FY2026 H2 onward is that the tightened financing approval standards are expected to ease around that time—

is that correct?

A:

- That is correct [the expected easing of financing approval standards will be the key factor behind the anticipated improvement in market conditions].

Q14:

Following up on MDP: after the flooding in January and now that it is February, could you provide more detail on whether railways, ports, and other infrastructure are currently operating or suspended? Are workers able to access the sites, and while operations may be partially reduced, are they still functioning? Also, could you elaborate further on the current shipping schedule? Given that BMA previously experienced a shutdown at Peak Downs, the impact of this flooding seems significant, so I would appreciate a detailed update.

A:

- Due to the heavy rainfall, several suppliers other than BMA have declared force majeure. In addition, while some have not formally declared force majeure, we understand that their operations have been significantly affected.
- Damage to rail infrastructure has also been confirmed. While Hay Point, which we use, has not been directly affected, a neighboring port has experienced issues, including partial collapse of port stockpiles caused by the heavy rainfall. As a result, we have been informed that the number of vessels waiting to load has increased to approximately thirty-three.
- That said, not all mines are completely shut down. We have also received reports indicating that the overall damage may be somewhat less severe than initially anticipated. However, at this point, we are still unable to provide a definitive assessment of the full impact, and that is the current understanding of the situation.

Q15:

Regarding capital recycling gains and losses, I understand that it may not be meaningful to assess these on a quarterly basis. Still, when looking at the figures on a quarterly basis, it appears that results for both asset turnover-type businesses and non-asset turnover-type businesses have declined from the first to the third quarter. While timing is clearly a factor, I would like to ask more broadly whether you are seeing any changes in buyer behavior in an environment where asset prices remain elevated. If there has been no change, that would be reassuring; however, if there has been a shift, should we interpret this as a sign that capital recycling gains and losses from asset turnover-type businesses may decline from the next fiscal year onward?

A:

- Quarterly results for asset turnover-type businesses were approximately ¥13 billion in the first quarter, around ¥24 billion in the second quarter YTD [approximately ¥11 billion for the three-month period], and about ¥25 billion in the third quarter YTD [approximately ¥1 billion for the three-month period].
- We do not see any particular concentration or distortion within these figures. While fluctuations naturally occur when viewed on a period-by-period basis, we believe that capital recycling gains and losses from asset turnover-type businesses can continue to be expected at roughly this level and pace going forward.

Q16:

In the segment-by-segment earnings outlook on page 10 of the [FY2025 Q3 earnings results materials](#), could you provide as much detail as possible regarding the “valuation loss in the next-generation energy businesses” in the Environmental Energy segment? In addition, with respect to the “increase in handover units in the ASEAN urban development-related business” in the Urban Development & Infrastructure segment, could you specify which country this relates to and share your outlook going forward?

A:

- With regard to the valuation loss in the next-generation energy businesses in the Environmental Energy segment, we are unable to disclose specific details at this time.
- As for the increase in the number of units delivered in the ASEAN urban development-related business within the Urban Development & Infrastructure segment, this refers specifically to an increase in the number of units delivered in our real estate business in Vietnam. We expect this trend to continue over the next several years.

Q17:

Could you provide, to the extent possible, an update on the current status and future outlook for the data center business?

A:

- We formed a joint venture with Digital Realty in Japan prior to 2020. In Japan, eight data center facilities are currently in operation, with assets under management of approximately ¥250 billion.
- In the United States, two facilities are currently in operation. Our participation in the U.S. business came at the invitation of Digital Realty, and we view the market as highly attractive from the perspective of scale, growth potential, and technological advancement.
- We expect the U.S. data center business to begin contributing to earnings during

the CS 2027 period. Looking ahead to FY2027, we believe that the combined Japan-U.S. data center platform will be able to deliver a certain level of profit growth.

- This business model is primarily based on income gains, complemented by capital gains through partial sales of developed assets. Given the continued exceptionally strong demand for data centers, we believe this is an area where we can continue to leverage the first-mover advantages we have established to date.

Q18:

A press release was issued on January 28 regarding changes to the redemption conditions of preferred shares in Chiyoda Corporation. Could you explain the impact of this on cash flow and earnings in and after next fiscal year? The release states that the agreement was reached to proceed with redemption totaling approximately ¥90 billion between 2026 and 2028. Is this impact limited to cash flow, with no effect on the income statement, or how should we think about this?

A:

- Chiyoda Corporation has publicly stated a target of approximately ¥15 billion in average annual net income. Taking into account depreciation add-backs and other factors, if Chiyoda were a consolidated subsidiary, we would expect to generate underlying operating cash flow of approximately ¥20–¥30 billion per year.
- If the proposed changes are approved at Chiyoda's shareholders' meeting in June this year, Chiyoda will become an equity-method affiliate. Thereafter, the impact on underlying operating cash flow will be limited to dividends from common and preferred shares. As a result, the underlying operating cash flow that could otherwise be generated at the ¥20–¥30 billion level as a consolidated subsidiary will be reduced to dividend income only.
- On the other hand, principal redemption of the preferred shares is expected to total ¥76.3 billion over the two-year period beginning June 2026. This will be treated as asset recycling and recorded as cash inflow. Accordingly, we expect the near-term impact on our overall cash flow to be limited.
- With respect to the income statement, if the capital restructuring results in a change from consolidated subsidiary to equity-method affiliate, a change in accounting method will occur. Depending on the share price and consolidated book value at that time, valuation gains or losses may be recognized in FY2026.

Q19:

The copper business, particularly centered on Quellaveco, delivered very strong earnings in the third quarter. Could you share your outlook for next fiscal year?

A:

- Regarding the earnings outlook for the copper business, favorable market conditions combined with the steady buildup of our attributable production volumes have contributed to profits approaching ¥80 billion through the third quarter of the current fiscal year.
- We also expect a certain level of profit contribution in the fourth quarter. However, part of the strong performance through the third quarter reflects favorable dividend receipt timing. While we disclose price sensitivities and assumptions, earnings cannot be calculated in a purely mechanical manner based on those figures alone. In that sense, dividend timing worked favorably for us in the third quarter.
- Although we have disclosed fourth-quarter price assumptions, equity-method affiliates in the copper business have December fiscal year-ends, and while spot copper prices are currently well above the disclosed assumptions, the impact of that gap is not expected to materially affect fourth-quarter results.
- As for next fiscal year, we are still in the process of formulating our earnings forecast and therefore cannot provide specific figures at this stage. It is difficult to say whether the current price level, close to US\$6 per pound, will be sustained. However, if prices remain above this year's average, there could be upside. Production is progressing steadily, and we intend to capture such upside where possible.
- From a medium to long-term perspective, as previously disclosed, we recently acquired a 30% interest in the Copper World copper mine project in the U.S., owned by Hudbay Minerals. In addition, integrated operations with adjacent copper mines at Anglo American Sur (AAS) are expected to contribute to further increases in equity production volumes over time. Through these initiatives, we aim to increase equity copper production from 330,000 tons in FY2024 to 400,000 tons or more from FY2030 onward.

Q20:

Returning to Enhance initiatives under CS 2027, with respect to the ¥80 billion profit contribution from executed projects of non-resource businesses shown on page 12 of the [FY2025 Q3 earnings results materials](#), you mentioned earlier that the acquisition of the salmon farming business would contribute around ¥10 billion, and that asset turnover-type businesses would contribute a range of over ¥10 billion. Could you elaborate on what you see as the major contributors and examples within the remaining ¥60 billion?

A:

- As mentioned earlier, asset turnover-type businesses are expected to generate a profit contribution of over ¥10 billion. In particular, this includes projects for which

asset sales are expected, to a certain extent, in FY2027, as well as the North American real estate business, where losses were recorded in FY2024 but we are expecting those losses to narrow. Taken together, we now have a fairly high degree of confidence that these factors will result in a profit contribution of somewhat above ¥10 billion.

- With respect to divestitures, there are multiple asset turnover-type businesses that account for a meaningful level of profit contribution. While we are unable to provide a detailed breakdown at this time, when these contributions are aggregated, we believe that achieving a profit contribution on the scale of ¥80 billion is well within reach.