10:00am-11:30am on Friday May 7th, 2021
IR Meeting for results of FY March 2021

[Review of Medium-term Management Plan 2023 and FY Mar/2022 Business Plan (P0)]

Good morning. I'm Kenichi Hori, newly appointed President and CEO of Mitsui & Co. effective April 1st. Thank you for joining us today.

I will start by discussing our progress in the first year of the Medium-term Management Plan 2023 that we announced last year and initiatives looking ahead, and will then give an overview of results for the fiscal year ended March 2021 and our business plan for the fiscal year ending March 2022.

Then, I will hand over to Tetsuya Shigeta, Global Controller, who will speak on the results and business plan in more detail.

After the deep economic downturn in the world's major economies caused by the COVID-19 pandemic, it shows robust recovery, driven by the resumption of economic activity in the US and elsewhere, large-scale economic stimulus measures and progress with vaccinations. China achieved early control of the spread of its infection, and has been the front runner among countries in terms of economic recovery through fiscal stimulus centered on infrastructure. In Europe, meanwhile, economic activity remained constrained by the renewed spread of infection, therefore recovery could be delayed. The situation in emerging markets is variable, with relatively low economic impact from the pandemic in Southeast Asia, but a continuing problem in areas such as Southwest Asia and parts of South America, where the spread of infection remains uncontrolled. In Japan, full economic recovery is not expected until the vaccination program reaches scale after summer.

Amid this varying pace and the regional differences of this economic recovery, we have achieved strong business performance, engaging in a wide range of businesses that are benefitting from the journey back to economic health. Especially in the fourth quarter of the fiscal year ended March 2021, we saw very good ongoing performance in the iron ore operations, backed by strong demand for the steel products for Chinese public works and infrastructure projects. In U.S., where large-scale fiscal expansion is driving the rapid recovery, Penske Automotive Group achieved record high of earnings in 2020, supported by pent-up demand for commercial vehicles such as automobiles and trucks as well as by the impact of comprehensive rationalization measures. We are working with Penske Group on a strategic vision and investigating new business opportunities in the commercial transportation sector.

In the fiscal year ended March 2021 we have achieved robust earnings and shown our capacity to recover from the COVID-19 pandemic. However, Mitsui has strong partnerships around the world that are the foundation for valuable tangible and intangible assets. We aim to make use of our strengths and pursue even higher levels of growth by developing our business in countries and regions showing strong recovery and leveraging the inherent potential of our positioning.

[Summary of Operating Results (P3)]

Please turn to page 3, which outlines our results for the year and our plan for the year ahead.

For the fiscal year ended March 2021, core operating cash flow was 658.1 billion yen, profit was 335.5 billion yen, and ROE was 8.0%. Supported by strong iron ore business, trading, FVTPL gains resulted from investing activities, and other factors, we achieved our full-year forecasts for both core operating cash flow and profit. The planned annual dividend for the year is 85 yen per share, an increase of 5 yen, and total estimated returns to shareholders for the year will be approximately 210 billion yen, or 31% of core operating cash flow.

Looking ahead to the fiscal year ending March 2022, we intend to strengthen our earnings base and implement various growth strategies with the aim of reaching our quantitative targets in the Medium-term Management Plan 2023 ahead of schedule for both core operating cash flow and profit while continuing on to higher performance. For the full year, our plan is for core operating cash flow of 680 billion yen with profit of 460 billion yen. We plan to further increase the annual dividend by 5 yen to 90 yen per share for the year ending March 2022, and to raise our minimum dividend-per-share to 90 yen. We also made a decision for additional share buyback of maximum 50 billion yen. Repurchasing period will be from May to end of June this year.

【FY Mar/2021 tasks and progress (P.4)】

Please turn to Page 4.

I will now look at tasks and progress for the year ended March 2021.

Amid the spread of the COVID-19 pandemic, we focused on three strategic topics for the year, namely: steady implementation of projects and realizing stronger profitability; initiatives to strengthen downward resilience amid rapid changes in the operating environment; and, continuing on from our previous Medium-term Management Plan, strengthening business management capabilities and promoting digital transformation.

For the “steady implementation of projects and realizing stronger profitability” initiative, we made significant progress, such as the final investment decision for the gas field development project in Western Australia, and the start of full production for all trains at the Cameron LNG project in US. Moreover, amid economic recovery, we were able to achieve sound profits from the stable supply of resources, materials, food, and services, which are essential for daily life.

In terms of “initiatives to strengthen downward resilience”, progress included a reassessment of our operations and restructuring our business portfolio, mainly on Mineral & Metal Resources, Energy, and Machinery & Infrastructure. We also worked to accelerate the strengthening and transformation of businesses by restructuring and reconfiguring existing business groups to improve our earnings base.

Finally, for “strengthening business management capabilities and digital transformation”, we introduced ROIC standard to promote capital efficiency awareness company-wide, increased the quality and efficiency of existing operations utilizing DX, while also making measurable progress in the development of new business models.

【FY Mar/2022 Business plan (P.6)】

I will now explain our business plan and key initiatives for the fiscal year ending March 2022. Please turn to page 6.

As I mentioned earlier, we were able to secure some excellent business outcomes, demonstrating our strong ability to produce earnings and generate cash from the emerging economic recovery even as the pandemic continued in FY Mar/2021. We also saw steady results from our defensive measures to thoroughly reduce costs and restructure our portfolio, so this year gave us a solid footing as the first year of our Medium-term Management Plan.

The theme of our current Medium-term Management Plan is “Transform & Grow”, and looking ahead, we will continue working to sustainably increase our corporate value by steadily implementing and realizing results from the goals and strategies set forth in our MTMP 2023.

If we take a high-level view of the post-COVID-19 world, I am confident that there are numerous opportunities to grow in areas adjacent to our existing strong businesses. We intend to strengthen these core businesses and use them as catalysts for organic collaboration in related fields to build high-quality composite business clusters. By securing the high-quality business clusters horizontally across industries, we will strengthen and grow our portfolio.

We are aiming to secure these high quality business clusters to further strengthen and maintain our cash-generation capability, and to pursue both growth investments and shareholder returns.

【FY Mar/2022 Quantitative Targets (P7, P8)】

Please turn to pages 7 and 8, which outline our quantitative targets in our business plan for FY Mar/2022.

By the recovery from COVID-19 and reinforcing our earnings base boosted by strong commodity prices, we aim to achieve our fiscal year ending March 2023 core operating cash flow targets one year ahead of plan, and then push on to even greater height in our drive to "Transform and Grow".

【Transform and Grow: Cash Flow Allocation (P9)】

Please turn to slide 9.

As I just said, in fiscal year ended March 2021 we increased our core operating cash flow significantly.

Mitsui has proved its resilience even in the COVID-19 pandemic and reflecting its strong cash-generating capabilities, we are updating our three-year cash flow allocation previously announced in our Medium-term Management Plan 2023 in May last year.

The core operating cash flow forecast has been revised upward from 1.5 trillion yen to 2 trillion yen, and overall cash-in is expected to increase despite a decrease in asset recycling.

After a careful review considering the reduction of capital expenditure and the certainty of execution of investments, we expect the total amount of investments and loans to be within the range of 1.5 trillion yen, and thus recognize there is additional capacity for growth investments and shareholder returns. We have already allocated 140 billion yen for share buybacks and plan to allocate an additional 40 billion yen for dividend increases and 150 billion yen for growth investments, bearing in mind of subscribing convertible bonds of CT Corp which will be explained in later slide.

We will continue to allocate funds flexibly and strategically for growth investments and additional returns in consideration of investment opportunities and the overall business environment.

【Shareholder Returns Policy (P10)】

We will now look at our policy on returns to shareholders, on page 10.

We plan an annual dividend for the fiscal year ended March 2021 of 85 yen per share. For the fiscal years ending March 2022 and 2023, we plan to raise the annual dividend to a minimum of 90 yen per share. We also made a decision for additional share buyback of maximum 50 billion yen. Looking ahead, we will pursue a sustainable increase in shareholder returns as a percentage of core operating cash flow while working to optimize capital efficiency.

【Key Initiatives: Formation of business clusters of scale (P11)】

Please turn to page 11.

I will now explain the key initiatives in our business plan for the year ending March 2022.

First, I would like to talk about the formation of business clusters of scale.

For example, in our partnership with the Penske Group, which I explained at the beginning of the presentation, we began by investing in the Penske Automotive Group in 2001 to develop our North American passenger automobile dealership business, and further collaboration led to our investment in Penske Truck Leasing, a truck leasing and logistics company, in 2015. While US is a developed country, its population is increasing, and growth in freight transportation is expected. Consequently, we started this capital alliance focusing on the commercial vehicle field and transportation service field where we can leverage our knowledge and strengths.

Our extensive experience and know-how in the truck-based auto parts logistics business has been highly valued by Penske, and this know-how is now being utilized in Penske Truck Leasing. Together with Penske Truck Leasing, we offer services to a wide range of customers and partners across the Americas and the business has now developed a solid revenue base.

This is just an example and we hope to further strengthen and expand our portfolio by leveraging these types of businesses in which we possess strengths and secure groups of businesses across industries that can be developed into functional extensions, horizontal development, and expansions into peripheral businesses.

【 Key Initiatives: Steady advancement of projects and profit contribution/ Reinforcement of domestic business (P12）】

Please turn to page 12.

Each project that is currently being planned, developed, and promoted is intended to bolster the strength of the group, reinforcing the foundations of existing business and organically linking peripheral businesses, in addition to contributing to earnings in their own right. We will also accelerate initiatives for industry reorganization, partnering with leading companies and strategic allocation of personnel etc., in domestic businesses in Japan.

【Key Initiatives: Energy Solutions (P13)】

Please turn to page 13.

I will now outline the areas of strategic focus in our Medium-term Management Plan 2023.

In energy solutions, we would like to leverage our core businesses while organically linking peripheral businesses to lead the energy transition.

For example, we will accelerate initiatives in next-generation fields such as hydrogen and ammonia by utilizing and linking the knowledge we possess in our core businesses in the energy and power generation fields.

【Key Initiatives: Healthcare / Nutrition (P14)】

We will now turn to page 14 and review our business in healthcare and nutrition.

We will accelerate the development of foundation for growth through initiatives to broaden target domains from healthcare to wellness. as well as from "patient-centered" to "individualcentered". We will develop largest wellness service in Asia by combining our real-world existing portfolio with advanced digital technologies including data management. To reflect these efforts, our Healthcare Service Business Unit was renamed in April of this year and is now referred to as Wellness Business Unit.

【Key Initiatives: Market Asia (P15)】

Please turn to page 15.

We agreed to subscribe convertible bonds of CT Corp, an Indonesian business conglomerate which has a dominant position in consumer-related sectors including finance, media, retail, and property, and has proved itself to have an unshakeable presence in the midst of the pandemic. Mitsui will leverage the group’s strong business platform and the unique strengths to tackle the “growing and changing Asian consumer market.” Through hands-on collaboration where we will bring in director and seconded employees, we aim to enhance CT Corp`s corporate value, create joint businesses, and aim for its public offering.

【Key Initiatives: Human resources strategy and promotion of sustainability management and ESG (P16)】

We will now turn to page 16 and discuss our human resources strategy and promotion of sustainability management and ESG.

Our human resources strategy is to introduce policies to strengthen individuals and support "Transform and Grow.” In sustainability management, we will continue to actively promote initiatives in the areas of climate change, the circular economy, and business and human rights in fiscal year ending March 2022, and connect these initiatives to the enhancement of our corporate value.

【Climate Change (P17)】

Please now turn to page 17, on the topic of climate change.

As a responsible member of the business community, we are proactively tackling the climate change issue to realize a sustainable society.

We would like to work on Transition and Opportunity through our world-wide portfolio and contribute to reduce global greenhouse gas emissions as well as our own emissions, while at the same time seeking to ensure economic viability.

That concludes my part of the presentation. I will now hand over to Tetsuya Shigeta, our Global Controller, to explain the details of our operating results for fiscal year ended March 2021 and our business plan for fiscal year ending March 2022.

＝　Global Controller section ＝

【Core Operating Cash Flow: Year-on-year segment comparison (P19)】

Thank you, my name is Tetsuya Shigeta, Global Controller. Please turn to page 19.

First, I will explain the main changes in core operating cash flow by segment compared to the previous fiscal year.

Core operating cash flow for the year increased by 97.1 billion yen to 658.1 billion yen.

In Mineral & Metal Resources, core operating cash flow increased by 64.4 billion yen to 308.1 billion yen, mainly due to higher sales prices at iron ore operations in Australia and an increase in dividends received from Vale, even though sales prices declined at coal mining operations in Australia.

In Energy, core operating cash flow decreased by 83.3 billion yen to 123.2 billion yen, due to a decline in oil and gas prices, and a decrease in dividends received relating to LNG projects.

In Machinery & Infrastructure, core operating cash flow decreased by 8.1 billion yen to 78.7 billion yen.

In Chemicals, core operating cash flow increased by 26.7 billion yen to 62.5 billion yen, which was mainly due to strong performance in chemicals trading and agricultural related businesses.

In Iron & Steel Products, core operating cash flow declined by 0.2 billion yen to 2 billion yen.

In Lifestyle, core operating cash flow was 19.8 billion yen, a year-on-year decline of 0.7 billion yen.

Innovation & Corporate Development achieved core operating cash flow of 55.1 billion yen, a year-on-year increase of 51.2 billion yen, mainly due to FVTPL gains, strong commodities trading, and good performance at ICT's core affiliated companies.

Core operating cash flow by other factors increased by 47.1 billion yen to 8.7 billion yen, mainly due to the absence of corporate pension contribution that impacted cash flow in the previous fiscal year.

[Profit for the Year: Year-on-Year segment comparison (P20)]
Please look at slide 20.

Next, I will explain the main changes in profit by segment compared to the previous fiscal year.

Profit for the year decreased by 56.0 billion yen to 335.5 billion yen.

In Mineral & Metal Resources profit decreased 3.4 billion yen to 179.9 billion yen, due to factors such as exit and impairment losses at Moatize coal and Nacala infrastructure and the Caserones copper mine projects, along with a decline in the sales price at coal mining operations in Australia, which exceeded gains from higher sales prices at iron ore operations in Australia and increase in dividends received from Vale.

In Energy, profits decreased by 30.6 billion yen to 27.2 billion yen, due to factors such as a decline in the prices of oil and gas, decrease in LNG dividends and absence of deferred tax asset for Mozambique Area 1 recognized in the previous fiscal year, despite the recording of deferred tax assets associated with the reorganization of a group of US energy subsidiaries.

In Machinery & Infrastructure, profits decreased by 43.5 billion yen to 45.9 billion yen due to exit and impairments in the Moatize coal mining and infrastructure business, losses incurred by the UK passenger transportation business and impairment loss at rolling stock leasing businesses.

In Chemicals, profits increased by 21.2 billion yen to 43.5 billion yen, mainly due to strong trading performance in chemicals and agriculture related businesses.

In Iron & Steel Products, profits decreased by 2.6 billion yen to 2.1 billion yen, mainly due to lower capacity utilization at plants during the first half of the fiscal year.

In Lifestyle, profits decreased by 19.3 billion yen to 12.7 billion yen, mainly due to the impact of decline in dining out and purchasing demand at affiliated companies in food, retail and fashion, and the absence of reduction in corporate income tax burden related to sale of Recruit Holdings share recorded in the previous fiscal year.

Innovation & Corporate Development achieved profit of 50.2 billion yen, a year on year increase of 35.6 billion yen, mainly due to FVTPL gains, strong commodity trading, and good performance at ICT's core affiliated companies.

Other factors, such as expenses, interest, taxes, etc., which were not allocated to business segments, totaled a loss of 26 billion yen.

[Profit for the year: Year-on-year factor comparison (P21)]
Please turn to page 21.

The table below shows the main factors influencing year-on-year changes in profit.

Base profit increased by approximately 61 billion yen, mainly due to FVTPL recovery along with increase in stock price, increase in dividend received from Vale and start of production of all Cameron LNG 3 trains, despite of decrease in LNG dividends and decline in operation rate at Gestamp.

Looking at Resource-related costs/volume, as a result of cost reduction efforts in each project in Energy, profit increased by approximately 8 billion yen, but on the other side production decline at the MOECO Thai offshore field led to a volume-related profit decline of approximately 28 billion yen.

Asset recycling resulted into a decline of approximately 53 billion yen, mainly due to the absence of sale of Columbia Asia recorded in the previous fiscal year, despite a gain on sale of power generation businesses in North America and fashion business.

In Commodity prices/FOREX, profit decreased by approximately 50 billion yen and approximately 22 billion yen due to decline in the prices of oil and gas and coal respectively. On the other hand, higher iron ore prices contributed to a profit increase of approximately 56 billion yen. In Forex, Australian dollar appreciation against U.S. dollar resulted to a decline in profit of approximately 20 billion yen.

Valuation gain/loss & special factors were reason behind a decline of approximately 10 billion yen due to an impairment loss at the Moatize coal and Nacala infrastructure projects and MEPIT/impairment loss for Tempa Rossa oil field project.

[Evolve financial strategy and portfolio management (P22)]
Please turn to page 22.

In this section I will discuss about cash flow allocations for the current fiscal year.

Core operating cash flow of 660 billion yen was attributed to strong iron ore business, trading, and FVTPL gains. Combined with 145 billion yen in asset recycling, the result was a total cash inflow of 805 billion yen. Although there was delay in asset recycling as compared to current fiscal year plan, sales of the North American power generation business, San-ei Sucrochemical, the Caserones copper mining business, and Fuji Pharmaceuticals were completed.

On the other hand, we executed investments and loans totaling cash outflow of 445 billion yen for LNG projects under development and oil and gas production projects, among others. The total cash outflow, combined with 65 billion yen in share buybacks and 145 billion yen in dividends, brought total cash outflow to 655 billion yen for the current fiscal year.

[Evolve financial strategy and portfolio management (P23)]
Please turn to page 23.

Now let’s take a look at the balance sheet as on the end of the current fiscal year.

Compared to the previous fiscal year, net interest-bearing debt decreased by approximately 200 billion yen to 3.3 trillion yen while shareholders' equity increased by approximately 750 billion yen to 4.6 trillion yen.
As a result, Net DER has dropped to 0.72x. We will continue to strengthen our financial base through our cash flow allocation framework.

[Impact of COVID-19 (P24)]

Please turn to page 24.

Although the ongoing COVID-19 exerted downward pressure at the beginning of the fiscal year, our business performance began demonstrating a better-than-expected recovery during second half of the fiscal year in tandem with the strong recovery track charted by the global economy. Notable contributions to quantitative and qualitative results were made by essential businesses such as trading, resources, power supply, and hospital businesses.

[FY Mar/2022 Business Plan (P25)]

Please turn to page 25.

I will now describe the business plan for core operating cash flow and profit, by segment, for the fiscal year ending March 2022.

Core operating cash flow is forecasted to amount to 680.0 billion yen, an increase of 21.9 billion yen over the previous fiscal year, due to strong commodity market, primarily in the energy sector. Profit is forecast to be 460.0 billion yen, an increase of 124.5 billion yen over the previous fiscal year, due to the absence of business re-valuation, expecting recovery from the COVID-19, and strengthening the earnings base.

[FY Mar/2022 Action Plan (P26)]

Let’s now turn to page 26.

This slide shows the action plan for the fiscal year ending March 2022. We will continue to sharpen our trading initiatives in Chemicals, Lifestyle, and Machinery & Infrastructure, while strengthening initiatives responding to low carbon society in multiple segments.

[Profit for the year: Year-on-year factor comparison (P27)]

Please turn to page 27.

The following table compares the plan for the fiscal year ending March 2022 with the actual results for the fiscal year ended March 2021, and shows the main factors expected to influence year-on-year changes.

<u>Base profit</u> will increase by approximately 20 billion yen. This is mainly due improvement of

base profit in Lifestyle and Machinery & Infrastructure, which show steady resilience recovered from COVID-19, even though there is absence of FVTPL gains recorded in the fiscal year ended March 2021.

Resource-related costs/volume will lead to volume and cost related profit decline by approximately 3.2 billion yen mainly by production decline at the MOECO Thai offshore field following the fiscal year ended March 2021.

Looking at Asset recycling, a decline of approximately 7 billion yen is expected for the fiscal year ending March 2022, despite a gain of approximately 6 billion yen by recycling.

Commodity prices/FOREX will contribute to an increase of by approximately 43 billion yen mainly due to increase in oil and gas prices.

Valuation gain/loss & special factors will contribute to an increase of approximately 101 billion yen mainly due to absence of valuation losses recorded in the previous fiscal year.

That concludes my presentation. Thank you.