Consolidated Financial Results for the Nine-Month Period Ended December 31, 2020 [IFRS]

Tokyo, February 3, 2021 - Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 31, 2020, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries
(Web Site : https://www.mitsui.com/jp/en/)

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1. Consolidated financial results
(1) Consolidated operating results information for the nine-month period ended December 31, 2020
(from April 1, 2020 to December 31, 2020)

		Nine-month period ended December 31,			
		2020	%	2019	%
Revenue	Millions of yen	4,699,072	(9.5)	5,193,989	3.6
Profit before income taxes	Millions of yen	272,613	(42.2)	471,312	(1.5)
Profit for the period	Millions of yen	209,556	(41.5)	358,343	(2.4)
Profit for the period attributable to owners of the parent	Millions of yen	198,937	(40.6)	335,076	(4.3)
Comprehensive income for the period	Millions of yen	515,179	115.4	239,228	(32.7)
Earnings per share attributable to owners of the parent, basic	Yen	118.01		192.95	
Earnings per share attributable to owners of the parent, diluted	Yen	117.95		192.82	

Note:
Percentage figures for Revenue, Profit before income taxes, Profit for the period, Profit for the period attributable to owners of the parent, and Comprehensive income for the period represent changes from the previous year.

(2) Consolidated financial position information

		December 31, 2020	March 31, 2020
Total assets	Millions of yen	11,841,677	11,806,292
Total equity	Millions of yen	4,380,817	4,060,932
Total equity attributable to owners of the parent	Millions of yen	4,135,896	3,817,677
Equity attributable to owners of the parent ratio	%	34.9	32.3

2. Dividend information

		Year ended March 31,		Year ending March 31, 2021 (Forecast)
		2021	2020	
Interim dividend per share	Yen	40	40	
Year-end dividend per share	Yen		40	40
Annual dividend per share	Yen		80	80

Note :
Change from the latest released dividend forecast: None

3. Forecast of consolidated operating results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

		Year ending March 31, 2021
Profit attributable to owners of the parent	Millions of yen	270,000
Earnings per share attributable to owners of the parent, basic	Yen	160.31

Note :
Change from the latest released earnings forecast: Yes

4. Others
(1) Increase/decrease of important subsidiaries during the period : None

(2) Changes in accounting policies and accounting estimate :

(i) Changes in accounting policies required by IFRS Yes
(ii) Other changes None
(iii) Changes in accounting estimates Yes

Note :
For further details please refer to page 24 "4. Condensed Consolidated Financial Statements (6) Changes in Accounting Policies and Changes in Accounting Estimates".

(3) Number of shares :

	December 31, 2020	March 31, 2020
Number of shares of common stock issued, including treasury stock	1,717,104,808	1,742,684,906
Number of shares of treasury stock	37,753,462	35,184,567

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Average number of shares of common stock outstanding	1,685,732,426	1,736,551,703

This quarterly earnings report is not subject to quarterly review.

A Cautionary Note on Forward-Looking Statements:
This report contains forward-looking statements including those concerning future performance of Mitsui & Co., Ltd. ("Mitsui"), and those statements are based on Mitsui’s current assumptions, expectations and beliefs in light of the information currently possessed by it. Various factors may cause Mitsui’s actual results to be materially different from any future performance expressed or implied by these forward-looking statements.
Therefore, these statements do not constitute a guarantee by Mitsui that such future performance will be realized.
For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on page 18.

Supplementary materials and IR meetings on financial results:
Supplementary materials on financial results can be found on our web site.
We will hold an IR meeting on financial results for analysts and institutional investors on February 3, 2021.
Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

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1. Qualitative Information

As of the date of disclosure of this quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

As used in this report, "Mitsui" and the "Company" refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), and "we", "us", "our" and the "companies" are used to indicate Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

(1) Operating Environment

In the nine-month period ended December 31, 2020, although the global economy appears to have made it out of its worst period mainly due to the effects of economic measures in various countries and an early economic recovery in China, there has been a resurgence in COVID-19 infections in many countries beginning in the fall and the momentum of economic recovery has weakened.

In the U.S., a slowdown seemed to be strengthening due to the resurgence in infections toward the end of 2020. However, the economy is expected to receive a boost from large additional economic measures by the new administration and from progress in vaccinations. In Europe, the economic conditions are worsening again due to stricter curfews in various countries as the cases of infections resurge. There are concerns that the economic recovery in Europe may be delayed as it will take a certain amount of time until vaccinations become widespread. In Japan, although consumer spending and exports continued to improve due to the effects of economic measures and the recovery in demand in China and other countries, the economy is expected to slow down once more due to the declaration of a state of emergency again as infections have rapidly increased since the end of the year. In China, exports continue to grow at a high rate, investment and consumer spending are recovering, and the economic growth rate is returning to the level prior to the COVID-19 outbreak. In Russia and Brazil, although there are positive signs of economic recovery such as a rise in the price of crude oil, the economic recovery in Russia is expected to be hindered by stricter curfews in response to a resurgence in infections.

The global economic recovery is expected to be boosted by additional economic measures in various countries as well as by widespread availability of vaccinations. However, economic activities are not expected to return to the level before the COVID-19 outbreak until the second half of 2021 at the earliest since it will take some time until vaccinations become widely available.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		4,699.1	5,194.0	(494.9)
Gross profit		568.2	640.4	(72.2)
Selling, general and administrative expenses		(451.8)	(437.9)	(13.9)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	7.0	2.6	+4.4
	Impairment Reversal (Loss) of Fixed Assets—Net	(40.1)	(11.6)	(28.5)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	1.2	7.2	(6.0)
	Other Income (Expense)—Net	(4.3)	26.2	(30.5)
Finance Income (Costs)	Interest Income	16.6	32.5	(15.9)
	Dividend Income	61.9	82.1	(20.2)
	Interest Expense	(41.0)	(69.4)	+28.4
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		155.0	199.2	(44.2)
Income Taxes		(63.1)	(113.0)	+49.9
Profit for the Period		209.6	358.3	(148.7)
Profit for the Period Attributable to Owners of the Parent		198.9	335.1	(136.2)

* May not match with the total of items due to rounding off. The same shall apply hereafter.

Revenue

Revenue for the nine-month period ended December 31, 2020 (“current period”) was ¥4,699.1 billion, a decrease of ¥494.9 billion from ¥5,194.0 billion for the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

Mainly the Energy Segment, the Machinery & Infrastructure Segment, the Mineral & Metal Resources Segment and the Lifestyle Segment recorded a decrease, while the Innovation & Corporate Development Segment recorded an increase.

Selling, general and administrative expenses

Mainly the Mineral & Metal Resources Segment recorded a cost increase, while the Lifestyle Segment recorded a cost decrease.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, a gain on sale of securities was recorded mainly in the Machinery & Infrastructure Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current period, impairment losses were recorded mainly in the Energy Segment and the Machinery & Infrastructure Segment, while an impairment reversal was recorded in the Innovation & Corporate Development Segment.

For the previous period, an impairment loss was recorded mainly in the Lifestyle Segment.

Other Income (Expense)—Net

For the current period, mainly the Mineral & Metal Resources Segment and the Machinery & Infrastructure Segment recorded losses related to a business in Mozambique. Also, the Mineral & Metal Resources Segment recorded foreign exchange related losses, while the Chemicals Segment recorded insurance proceeds in the business in North America.

For the previous period, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option on an investment and the Lifestyle Segment recorded a gain on the sales of property management business.

Finance Income (Costs)

Dividend Income

Mainly the Energy Segment recorded a decrease, while the Mineral & Metal Resources Segment recorded an increase.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Mainly the Energy Segment, the Lifestyle Segment, the Iron & Steel Products Segment and the Machinery & Infrastructure Segment recorded a decrease, while the Mineral & Metal Resources Segment recorded an increase.

Income Taxes

Income taxes for the current period were ¥63.1 billion, a reduction of ¥49.9 billion from ¥113.0 billion for the previous period. For the current period, ¥39.0 billion profit was recorded through the deferred tax assets recognitions due to the reorganization of the U.S. subsidiaries in the Energy Segment.

The effective tax rate for the current period was 23.1%, a decrease of 0.9 points from 24.0% for the previous period. Although there was an increase in tax effective rate due to an impairment loss not recognizable for deferred tax in the Mineral & Metal Resources Segment, there was a decrease in tax effective rate due to a deferred tax assets recognition in the Energy Segment. Considering these items, the tax effective rate was lower than the previous period.

Profit for the Period Attributable to Owners of the Parent

Impacts caused by a decrease in demand and a fluctuation in commodity prices due to the effect of the COVID-19 pandemic were included. As a result, profit for the period attributable to owners of the parent was ¥198.9 billion, a decrease of ¥136.2 billion from the previous period.

2) Operating Results by Operating Segment

The business of next-generation electric power, which was a part of the Machinery & Infrastructure Segment, was transferred to the Energy Segment, effective April 1, 2020. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to the current period's presentation.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(2.8)	3.5	(6.3)
Gross profit	14.8	18.3	(3.5)
Profit (loss) of equity method investments	(0.3)	9.2	(9.5)
Dividend income	1.1	1.7	(0.6)
Selling, general and administrative expenses	(16.8)	(19.8)	+3.0
Others	(1.6)	(5.9)	+4.3

・Profit (loss) of equity method investments decreased mainly due to the following factor:
- For the current period, Gestamp companies reported a decrease of ¥8.0 billion mainly due to the lower operating time caused by lower automotive production, the impact of foreign exchange fluctuations, and one-time cost related to the structural transformation.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	76.9	135.9	(59.0)
Gross profit	167.5	176.5	(9.0)
Profit (loss) of equity method investments	45.3	43.5	+1.8
Dividend income	25.8	18.4	+7.4
Selling, general and administrative expenses	(64.1)	(33.5)	(30.6)
Others	(97.6)	(69.0)	(28.6)

・Gross profit decreased mainly due to the following factors:
- Coal mining operations in Australia recorded a decrease of ¥26.0 billion mainly due to lower sales prices.
- Iron ore mining operations in Australia recorded an increase of ¥17.2 billion mainly due to higher sales prices.

・Profit (loss) of equity method investments increased mainly due to the following factors:
- Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile, recorded an increase of ¥5.8 billion mainly due to a higher sales volume.
- Iron ore mining operations in Australia recorded an increase of ¥3.7 billion mainly due to higher sales prices.
- Coal mining operations in Australia recorded a decrease of profit mainly due to lower sales prices.
- Following the revisions to our various assumptions, impairment losses of ¥3.8 billion for the current period, and ¥5.1 billion for the previous period were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.

・Dividend income increased mainly due to higher dividends from iron ore mining operations in Australia.

・Selling, general and administrative expenses increased mainly due to the following factors:
- Following the revisions to our various assumptions, impairment losses of ¥35.9 billion for the current period and ¥9.8 billion for the previous period for doubtful debts were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.

- For the current period, an impairment loss of ¥8.3 billion for doubtful debt was recorded, based on the conclusion of share transfer agreement for the SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine.

・In addition to the above, the following factors also affected results:
  - Following the revisions to our various assumptions, impairment losses of ¥19.2 billion were recorded for the current period regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
  - Iron ore mining operations in Australia recorded a decrease of ¥4.3 billion due to foreign exchange related losses.
  - Coal mining operations in Australia recorded a decrease of ¥4.0 billion due to foreign exchange related losses.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	26.7	96.1	(69.4)
Gross profit	44.7	109.7	(65.0)
Profit (loss) of equity method investments	15.6	32.8	(17.2)
Dividend income	19.9	47.0	(27.1)
Selling, general and administrative expenses	(34.6)	(34.0)	(0.6)
Others	(18.9)	(59.4)	+40.5

・Gross profit decreased mainly due to the following factors:
  - Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥44.7 billion mainly due to decline in production, and lower oil and gas prices.
  - Business division at the Headquarters recorded a decrease mainly due to impact of hurricane in LNG trading business.
  - Mitsui E&P USA LLC recorded a decrease of ¥5.1 billion mainly due to lower oil and gas prices.
  - MEP Texas Holdings LLC recorded a decrease of ¥4.7 billion mainly due to lower oil and gas prices.
  - Mitsui E&P Italia A S.r.l recorded a decrease of ¥3.9 billion mainly due to an increase in cost.
  - AWE recorded an increase of ¥3.7 billion due to decrease of depreciation cost.

・Profit (loss) of equity method investment decreased mainly due to the following factors:
  - Mitsui E&P Mozambique Area 1 Limited recorded a decrease of ¥11.6 billion mainly due to the recognition of deferred tax assets in accordance with the Final Investment Decision for the project in the previous period.
  - Japan Australia LNG (MIMI) Pty. Ltd recorded a decrease mainly due to lower oil and gas prices.
  - Mitsui & Co. LNG Investment USA, Inc. recorded an increase of ¥5.9 billion due to the commencement of commercial operation at the Cameron LNG Project.

・Dividends from six LNG projects (Sakhalin II, Qatargas 1, Oman, Abu Dhabi, Qatargas 3 and Equatorial Guinea) were ¥19.5 billion in total, a decrease of ¥25.6 billion from the previous period.

・In addition to the above, the following factors also affected results:
  - For the current period, profit of ¥39.0 billion was recorded due to recognition of deferred tax assets in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.
  - For the current period, mainly due to lower oil price, Mitsui E&P Italia A S.r.l recorded an impairment loss of ¥32.1 billion for its Tempa Rossa project.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	35.2	61.2	(26.0)
Gross profit	75.8	100.3	(24.5)
Profit (loss) of equity method investments	73.3	76.2	(2.9)
Dividend income	2.7	4.4	(1.7)
Selling, general and administrative expenses	(94.2)	(97.5)	+3.3
Others	(22.4)	(22.2)	(0.2)

・Gross profit decreased mainly due to the following factor:

- For the current period, the subsidiaries in relation to the automobile, construction & industrial machinery and railways business recorded a decrease due to the effect of the COVID-19 pandemic.

・Profit (loss) of equity method investments decreased mainly due to the following factors:

- Investments in gas distribution companies in Brazil recorded a decrease of ¥5.0 billion because of tariff reduction as prior year adjustment, the depreciation of the Brazilian real for the current period and demand decline due to the effect of the COVID-19 pandemic, while the refund of service tax payments through arbitrations led to a transient increase in the previous period.
- Following the revisions to our various assumptions, impairment losses of ¥0.9 billion for the current period, and ¥1.3 billion for the previous period were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.

・Selling, general and administrative expenses decreased, while there was the following increase factor:

- For the current period, an impairment loss of ¥9.0 billion for doubtful debt was recorded, reflecting the revisions to various assumptions regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.

・In addition to the above, the following factors also affected results:

- For the current period, ¥9.1 billion impairment loss was recorded in the rolling stock leasing business.
- Following the revisions to our various assumptions, impairment losses of ¥4.8 billion were recorded for the current period regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
- For the current period, a gain on sale of the IPP business in North America was recorded.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	32.4	16.6	+15.8
Gross profit	92.2	89.7	+2.5
Profit (loss) of equity method investments	7.3	10.0	(2.7)
Dividend income	2.2	2.5	(0.3)
Selling, general and administrative expenses	(70.1)	(77.4)	+7.3
Others	0.8	(8.2)	+9.0

・Others include the following factor:

- For the current period, insurance proceeds were recorded in the business in North America.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(0.4)	18.1	(18.5)
Gross profit	95.0	103.4	(8.4)
Profit (loss) of equity method investments	4.6	16.5	(11.9)
Dividend income	5.4	3.9	+1.5
Selling, general and administrative expenses	(97.1)	(107.0)	+9.9
Others	(8.3)	1.3	(9.6)

- Gross profit decreased mainly due to the following factors:
  - For the current period, subsidiaries, whose businesses are fashion, food and distribution, recorded a decrease of profit due to the closure of stores and a decrease in demand for commercial ingredients for the food service industry caused by the state of emergency and curfew.
  - For the current period, reclassification from a consolidated subsidiary for the fashion & textile businesses in Asia to an equity method investee caused a ¥4.4 billion decrease.
  - For the previous period, a ¥4.1 billion loss in the valuation of fair value was recorded mainly due to the suspension of drug development in the drug development fund invested through MBK Pharma Partnering Inc.
- Selling, general and administrative expenses decreased mainly due to the following factor:
  - For the current period, reclassification from a consolidated subsidiary for the fashion & textile businesses in Asia to an equity method investee caused a ¥4.4 billion decrease.
- Profit (loss) of equity method investment decreased mainly due to the following factors:
  - For the current period, equity method investees, whose businesses are food, fashion, and services, recorded a decrease of profit due to curfew and self-restraint.
  - For the current period, IHH Healthcare Berhad recorded a decrease of ¥4.6 billion mainly because of decline in operation rate due to lower demand for medical tourism and from patients with minor illnesses caused by the effect of the COVID-19 pandemic, and impairment of goodwill over subsidiary in India.
- In addition to the above, the following factors also affected results:
  - For the previous period, there was a ¥12.5 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
  - For the previous period, an impairment loss of fixed assets of ¥5.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation, which conducts healthcare staffing in the U.S.
  - For the previous period, Mitsui & Co. Foresight recorded a gain on the sales of the property management business.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	37.4	6.0	+31.4
Gross profit	76.2	42.3	+33.9
Profit (loss) of equity method investments	8.9	11.1	(2.2)
Dividend income	3.7	2.9	+0.8
Selling, general and administrative expenses	(47.3)	(47.4)	+0.1
Others	(4.1)	(2.9)	(1.2)

- Gross profit increased mainly due to the following factors:
  - For the current period, a valuation gain was recorded at a holding company as a result of concluding a share transfer agreement to sell its entire shareholding in OSIsoft LLC.
  - For the previous period, ¥3.1 billion loss was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current period, ¥5.6 billion gain was recorded due to the valuation of fair value on shares.
  - For the current period, an increase of ¥4.9 billion was recorded mainly due to good results of energy trading in Mitsui Bussan Commodities Ltd.
  - An increase of ¥2.6 billion was caused as combined effect of recognizing the loss on the valuation and sales of the shares in Mercari, Inc. recognized for the previous period, as well as profit on the sales of it's entire shareholding for the current period.
- In addition to the above, the following factors also affected results:
  - For the current period, ¥4.3 billion reversal gain of impairment loss on land was recorded.
  - For the previous period, a valuation profit on the derivative of ¥4.4 billion was recorded in relation to a put option on an investment.

(3) **Financial Condition and Cash Flows**

1) Financial Condition

(Billions of yen)	December 31, 2020	March 31, 2020	Change
Total Assets	11,841.7	11,806.3	+35.4
Current Assets	4,012.0	4,124.4	(112.4)
Non-current Assets	7,829.7	7,681.9	+147.8
Current Liabilities	2,496.4	2,701.1	(204.7)
Non-current Liabilities	4,964.4	5,044.3	(79.9)
Net Interest-bearing Debt	*3,425.1*	*3,486.7*	*(61.6)*
Total Equity Attributable to Owners of the Parent	4,135.9	3,817.7	+318.2
Net Debt-to-Equity Ratio (times)	0.83	0.91	(0.08)

Assets

Current Assets:

- Cash and cash equivalents decreased by ¥80.2 billion.
- Trade and other receivables increased by ¥100.9 billion, mainly due to following factors:
  - An increase of ¥49.8 billion in current portion of long-term receivables relating to investment and loan businesses, mainly due to reclassification to current maturities; and
  - An increase in trade receivable by ¥ 44.6 billion due to favorable market condition for the Mineral & Metal Resources Segment and increase in trading volume in the Lifestyle Segment.
- Other financial assets declined by ¥132.8 billion, mainly due to market volatility and decreases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.
- Inventories increased by ¥48.3 billion, mainly due to increases in trading volume in the Mineral & Metal Resources Segment and the Innovation & Corporate Development Segment.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥46.8 billion, mainly due to the following factors:
  - A decline in equity method investment in Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion;
  - A decline of ¥22.7 billion resulting from foreign currency exchange fluctuations;
  - A decline due to a fair value valuation of shares in the Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An increase of ¥155.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥155.8 billion due to dividends from equity accounted investees;
  - An increase of ¥26.0 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project; and
  - An increase due to an investment in Japan Arctic LNG B.V., which participates in the Arctic LNG 2 Project in Russia.
- Other investments increased by ¥323.4 billion, mainly due to the following factor:
  - As a result of higher share prices, fair value on financial assets measured at FVTOCI increased by ¥321.3 billion.
- Trade and other receivables declined by ¥129.4 billion, mainly due to the following factors:

- An impairment of ¥66.9 billion for doubtful debt regarding the Moatize mine business and Nacala Corridor rail & port infrastructure businesses in Mozambique;
- A decline of ¥49.8 billion in non-current portion of long-term receivables relating to investment and loan business, mainly due to reclassification to current maturities; and
- An increase in receivable balance from Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion.

- Property, plant and equipment increased by ¥7.8 billion, mainly due to the following factors:
  - An increase of ¥69.1 billion (including foreign exchange translation profit of ¥53.4 billion) at iron ore mining operations in Australia;
  - An increase of ¥25.7 billion (including foreign exchange translation profit of ¥11.2 billion) at coal mining operations in Australia; and
  - A decline of ¥89.6 billion mainly due to an impairment loss of fixed assets at Mitsui E&P Italia A (including foreign exchange translation loss of ¥13.6 billion) at the oil and gas projects, which include the U.S. shale gas and oil projects from the current period.
- Investment property increased by ¥16.9 billion, mainly due to an increase in the Innovation & Corporate Development Segment.
- Deferred tax assets increased by ¥30.3 billion, mainly due to recognition of deferred tax assets by ¥39.0 billion in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.

Liabilities

Current Liabilities:

- Short-term debt declined by ¥22.8 billion. Furthermore, the current portion of long-term debt increased by ¥14.0 billion, mainly due to a reclassification to current maturities.
- Trade and other payables increased by ¥55.5 billion, corresponding to the increase in trade and other receivables.
- Other financial liabilities declined by ¥267.2 billion, mainly due to corresponding decline in other financial assets and payments on account payable at the integrated development project in the 2, Otemachi 1-Chome District.

Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥129.2 billion.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥13.4 billion.
- Other components of equity increased by ¥302.3 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥249.1 billion; and
  - Foreign currency translation adjustments increased by ¥78.0 billion, mainly reflecting the appreciation of the Australian dollar against the Japanese Yen, despite the depreciation of the U.S. dollar and the Brazilian real.
- Treasury stock which is a subtraction item in shareholders' equity decreased by ¥1.0 billion, mainly due to the cancellation of the stock for ¥46.7 billion, despite share buy-back for ¥46.0 billion (including a buy-back for share-based compensation plan for employees of ¥6.9 billion).

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	502.5	386.9	+115.6
Cash flows from investing activities	(308.5)	(206.4)	(102.1)
Free cash flow	194.0	180.5	+13.5
Cash flows from financing activities	(282.3)	(189.8)	(92.5)
Effect of exchange rate changes on cash and cash equivalents etc.	8.1	(0.6)	+8.7
Change in cash and cash equivalents	(80.2)	(9.9)	(70.3)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	502.5	386.9	+115.6
Cash flows from change in working capital	b	(35.6)	(129.9)	+94.3
Repayments of lease liabilities	c	(44.7)	(44.6)	(0.1)
Core operating cash flow	a-b+c	493.4	472.2	+21.2

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥35.6 billion of net cash outflow. Repayments of lease liabilities for the current period was ¥44.7 billion of cash outflow. Core operating cash flow, cash flows from operating activities without both net cash from an increase or a decrease in working capital and repayments of lease liabilities, for the current period amounted to ¥493.4 billion. From current period, in order to reflect a regular cash generation output from operating activities more appropriately, repayments of lease liabilities have been deducted. In conformity with this change, core operating cash flow for the previous period has been restated.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥231.5 billion, an increase of ¥17.0 billion from ¥214.5 billion for the previous period.
  - Depreciation and amortization for the current period was ¥200.2 billion, an increase of ¥14.8 billion from ¥185.4 billion for the previous period.

The following table shows core operating cash flow by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	2.1	1.2	+0.9
Mineral & Metal Resources	205.2	170.2	+35.0
Energy	102.7	184.1	(81.4)
Machinery & Infrastructure	64.5	59.9	+4.6
Chemicals	48.5	27.3	+21.2
Lifestyle	11.3	10.7	+0.6
Innovation & Corporate Development	40.1	(0.9)	+41.0
All Other and Adjustments and Eliminations	19.0	19.7	(0.7)
Consolidated Total	493.4	472.2	+21.2

Cash Flows from Investing Activities

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥49.8 billion, mainly due to the following factors:
  - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥26.0 billion;
  - An investment in Japan Arctic LNG B.V, which participates in the Arctic LNG 2 Project in Russia; and
  - A sale of the IPP business in North America.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥2.0 billion, mainly due to a sale of investment in San-ei Sucrochemical Co., Ltd., for ¥13.5 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥172.2 billion, mainly due to the following factors:
  - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥36.8 billion;
  - An expenditure for iron ore mining operations in Australia for ¥30.4 billion;
  - An expenditure for the oil and gas projects for ¥29.7 billion; and
  - An expenditure for coal mining operations in Australia for ¥15.7 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥49.3 billion, mainly due to an expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥37.3 billion.

Cash Flows from Financing Activities

- Net cash outflows from net change in short-term debt were ¥32.9 billion, net cash outflows from net change in long-term debt were ¥10.8 billion, and cash outflow from repayments of lease liabilities were ¥44.7 billion.
- The cash outflow from the purchases of treasury stock was ¥46.0 billion (including a buy-back for share-based compensation plan for employees of ¥6.9 billion).
- The cash outflow from payments of cash dividends was ¥135.5 billion.

2. Management Policies

(1) Forecasts for the Year Ending March 31, 2021

1) Revised forecasts for the year ending March 31, 2021

<Assumption>	3Q (Actual)	4Q (Forecast)	Mar-21 Revised Forecast	Mar-21 Previous Forecast
Exchange rate (JPY/USD)	105.54	104.00	105.16	106.16
Crude oil (JCC)	$38/bbl	$48/bbl	$41/bbl	$39/bbl
Consolidated oil price	$46/bbl	$45/bbl	$45/bbl	$44/bbl

(Billions of yen)

	March 31, 2021 Revised forecast	March 31, 2021 Previous forecast	Change	Description
Gross profit	750.0	690.0	+60.0	Strong iron ore price, good performance on trading business
Selling, general and administrative expenses	(600.0)	(620.0)	+20.0	Lower expenses
Gain on investments, fixed assets and other	(35.0)	0.0	(35.0)	Impairment losses
Interest expenses	(30.0)	(30.0)	-	
Dividend income	90.0	70.0	+20.0	Dividends in iron ore business
Profit (loss) of equity method investments	200.0	170.0	+30.0	Strong iron ore price, improvement of business environment
Profit before income taxes	375.0	280.0	+95.0	
Income taxes	(95.0)	(85.0)	(10.0)	
Non-controlling Interests	(10.0)	(15.0)	+5.0	
Profit for the year attributable to owners of the parent	270.0	180.0	+90.0	

Depreciation and amortization	300.0	300.0	-	

Core operating cash flow	600.0	480.0	+120.0	

- Previous forecast announced in October, 2020 stated the profit for the year attributable to owners of the parent remained unaltered at ¥180.0 billion. Although factors such as a resurgence of COVID-19 infections in many countries remains as a concern, considering the strong market condition for several commodities and the latest business environment, the figure has been revised up to ¥270.0 billion. The core operating cash flow has also been revised up by ¥120.0 billion from ¥480.0 billion to ¥600.0 billion.
- It is assumed that foreign exchange rates for the three-month period ending March 31, 2021 (4th Quarter) will be ¥104.00/US$, ¥76.00/AU$ and ¥19.00/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2020 were ¥105.54/US$, ¥74.75/AU$ and ¥19.55/BRL. Also, it is assumed that the annual average crude oil price applicable to our financial results for the year ending March 31, 2021 will be US$45/barrel, up US$1 from the original assumption, based on the assumption that the crude oil price (JCC) will average US$48/barrel throughout the three-month period ending March 31, 2021(4th Quarter).

The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2021 Revised Forecast	Year ending March 31, 2021 Previous Forecast	Change	Description
Iron & Steel Products	0.0	(5.0)	+ 5.0	Recovery on the steel market condition
Mineral & Metal Resources	155.0	120.0	+ 35.0	Strong iron ore price, dividends
Energy	20.0	0.0	+ 20.0	Firm crude oil and gas prices, less hurricane impact
Machinery & Infrastructure	35.0	35.0	-	
Chemicals	40.0	25.0	+ 15.0	Steady market conditions, trading
Lifestyle	0.0	(10.0)	+ 10.0	Steady trading, recovery in hospital business earnings
Innovation & Corporate Development	40.0	35.0	+ 5.0	FVTPL gains, commodities trading strong
All Other and Adjustments and Eliminations	(20.0)	(20.0)	-	
Consolidated Total	270.0	180.0	+ 90.0	

The revised forecast for core operating cash flow by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2021 Revised Forecast	Year ending March 31, 2021 Previous Forecast	Change	Description
Iron & Steel Products	0.0	0.0	-	
Mineral & Metal Resources	285.0	230.0	+ 55.0	Strong iron ore price, dividends
Energy	110.0	100.0	+10.0	Firm crude oil and gas prices, less hurricane impact
Machinery & Infrastructure	65.0	60.0	+ 5.0	Recovery on automotive related business
Chemicals	65.0	45.0	+ 20.0	Trading strong
Lifestyle	15.0	5.0	+ 10.0	Trading strong
Innovation & Corporate Development	45.0	35.0	+10.0	FVTPL gains, commodities trading strong
All Other and Adjustments and Eliminations	15.0	5.0	+ 10.0	Lower expenses
Consolidated Total	600.0	480.0	+ 120.0	

2) Key commodity prices and other parameters for the year ending March 31, 2021

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2021. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2021 (Announced in May 2020)				Previous Forecast (Announced in Oct 2020)		March 2021			Revised Forecast (Announced in Feb 2021)
						1-3Q (Result)	4Q (Assumption)		
Commodity	Crude Oil/JCC		-	39		38	48		41
	Consolidated Oil Price(*1)		¥3.2 bn (US$1/bbl)	44		46	45		45
	U.S. Natural Gas(*2)		¥0.9 bn (US$0.1/mmBtu)	2.06		1.92(*3)	2.76(*4)		2.13
	Iron Ore(*5)		¥2.2 bn (US$1/ton)	(*6)		115(*7)	(*6)		(*6)
	Coal	Coking	¥0.4 bn (US$1/ton)	(*6)	→	121(*8)	(*6)	→	(*6)
		Thermal	¥0.1 bn (US$1/ton)	(*6)		69(*8)	(*6)		(*6)
	Copper(*9)		¥0.7 bn (US$100/ton)	5,965		5,834(*10)	7,174(*10)		6,169
Forex (*11)	USD		¥1.3 bn (¥1/USD)	106.16		105.54	104.00		105.16
	AUD		¥1.6 bn (¥1/AUD)	74.95		74.75	76.00		75.06
	BRL		¥0.3 bn (¥1/BRL)	19.37		19.55	19.00		19.41

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the consolidated oil price, which reflects this lag. For FY Mar/2021 it was assumed that there is a 4-6 month lag for approx. 30%, a 1-3 month lag for approx. 50%, and no lag for approx. 20%. The above sensitivities show annual impact of changes in consolidated oil price.

(*2) As Mitsui has very limited exposure to U.S. natural gas sold at Henry Hub (HH), the above sensitivities show annual impact of changes in the weighted average sale price.

(*3) U.S. Gas figures for FY Mar/2021 1-3Q (result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January 2020 to September 2020.

(*4) The Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during October 2020 to December 2020 is listed on FY Mar/2021 4Q(Assumption).

(*5) The effect of dividend income from Vale S.A. has not been included.

(*6) Iron ore and coal price assumptions are not disclosed.

(*7) Iron ore results figures for FY Mar/2021 1-3Q (result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2020 to December 2020.

(*8) Coal results figures for FY Mar/2021 1-3Q (result) are the quarterly average prices of representative coal brands in Japan (US$/MT)

(*9) As the copper price affects our consolidated results with a 3-month time lag, the above sensitivities show the annual impact of US$100/ton change in averages of the LME monthly average cash settlement prices for the period March to December 2020.

(*10) Copper results figures for FY Mar/2021 1-3Q (result) are the averages of the LME monthly average cash settlement prices for the period January 2020 to September 2020. Also, the figures for FY Mar/2021 4Q

(Assumption) are the average of the LME monthly average cash settlement prices for the period October 2020 to December 2020.

(*11) Impact of currency fluctuations on reported profit for the year of overseas subsidiaries denominated in their respective functional currencies. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit (denominated in functional currencies) into yen. In the Mineral & Metal Resources and Energy business where the sales contract is in US$, the impact of currency fluctuations between the US$ and the functional currencies (Australian dollar and Brazilian Real) and the impact of currency hedging are not included.

(2) Profit Distribution Policy

Our profit distribution policy is as follows:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
- In addition to the above, share buy-backs aimed at improving capital efficiency should be decided in a prompt and flexible manner as needed concerning buy-back timing and amount by taking into consideration the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity.

For the period of the Medium-term Management Plan, emphasizing stability and continuity regarding dividends, we have established a minimum annual dividend amount of ¥80 per share, based on our assessment of achievable stable core operating cash flow. In addition, the plan aims to steadily increase dividends through improvements in corporate performance.

Based on corporate performance during the period of the Medium-term Management Plan, a part of cash-out amount will flexibly and promptly be allocated to an investment for growth as well as shareholders return such as an additional dividend and share buy-back.

For the year ending March 31 2021, we envisaged an annual dividend of ¥80 per share(the same as the year ending March31, 2020, including the interim dividend of ¥40 per share) taking into consideration the core operating cash flow and profit for the year attributable to owners of the parent as well as the stability and continuity of the amount of dividend.

3. Other Information

Notice:

This flash report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Mitsui's actual consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements.

These important risks, uncertainties and other factors include, among others, (1) risk of COVID-19, (2) business investment risks, (3) country risks, (4) risks regarding climate changes, (5) commodity market risks, (6) foreign currency risks, (7) stock price risks of listed stock Mitsui and its subsidiaries hold, (8) credit risks, (9) risks regarding fund procurement, (10) operational risks, (11) risks regarding employee's compliance with laws, regulations, and internal policies, (12) risks regarding information systems and information securities, (13) risks relating to natural disasters, terrorists and violent groups. For further information on the above, please refer to Mitsui's Annual Securities Report.

Forward-looking statements may be included in Mitsui's Annual Securities Report and Quarterly Securities Reports or in its other disclosure documents, press releases or website disclosures. Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.

4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets		
	December 31, 2020	March 31, 2020
Current Assets:		
Cash and cash equivalents	¥ 978,528	¥ 1,058,733
Trade and other receivables	1,723,355	1,622,501
Other financial assets	430,102	562,899
Inventories	602,151	553,861
Advance payments to suppliers	135,395	167,250
Other current assets	142,440	159,175
Total current assets	4,011,971	4,124,419
Non-current Assets:		
Investments accounted for using the equity method	2,834,194	2,880,958
Other investments	1,807,761	1,484,422
Trade and other receivables	292,950	422,423
Other financial assets	144,823	186,010
Property, plant and equipment	2,129,153	2,121,371
Investment property	268,695	251,838
Intangible assets	186,251	195,289
Deferred tax assets	89,223	58,908
Other non-current assets	76,656	80,654
Total non-current assets	7,829,706	7,681,873
Total	¥ 11,841,677	¥ 11,806,292

(Millions of Yen)

Liabilities and Equity		
	December 31, 2020	March 31, 2020
Current Liabilities:		
Short-term debt	¥ 274,707	¥ 297,458
Current portion of long-term debt	413,869	399,904
Trade and other payables	1,192,027	1,136,504
Other financial liabilities	359,754	626,963
Income tax payables	63,028	46,206
Advances from customers	110,623	133,247
Provisions	29,957	25,844
Other current liabilities	52,454	34,984
Total current liabilities	2,496,419	2,701,110
Non-current Liabilities:		
Long-term debt, less current portion	4,099,988	4,229,218
Other financial liabilities	94,887	105,279
Retirement benefit liabilities	41,082	39,956
Provisions	219,521	228,173
Deferred tax liabilities	484,019	412,971
Other non-current liabilities	24,944	28,653
Total non-current liabilities	4,964,441	5,044,250
Total liabilities	7,460,860	7,745,360
Equity:		
Common stock	342,080	341,776
Capital surplus	403,915	402,652
Retained earnings	3,375,668	3,362,297
Other components of equity	78,377	(223,910)
Treasury stock	(64,144)	(65,138)
Total equity attributable to owners of the parent	4,135,896	3,817,677
Non-controlling interests	244,921	243,255
Total equity	4,380,817	4,060,932
Total	¥ 11,841,677	¥ 11,806,292

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Revenue	¥ 4,699,072	¥ 5,193,989
Cost	(4,130,872)	(4,553,566)
Gross Profit	568,200	640,423
Other Income (Expenses):		
Selling, general and administrative expenses	(451,819)	(437,896)
Gain (loss) on securities and other investments－net	7,024	2,575
Impairment reversal (loss) of fixed assets－net	(40,133)	(11,603)
Gain (loss) on disposal or sales of fixed assets－net	1,228	7,186
Other income (expense) －net	(4,312)	26,180
Total other income (expenses)	(488,012)	(413,558)
Finance Income (Costs):		
Interest income	16,554	32,501
Dividend income	61,865	82,118
Interest expense	(40,996)	(69,385)
Total finance income (costs)	37,423	45,234
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	155,002	199,213
Profit before Income Taxes	272,613	471,312
Income Taxes	(63,057)	(112,969)
Profit for the Period	¥ 209,556	¥ 358,343
Profit for the Period Attributable to:		
Owners of the parent	¥ 198,937	¥ 335,076
Non-controlling interests	10,619	23,267

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Profit for the Period	¥ 209,556	¥ 358,343
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	325,873	(14,471)
Remeasurements of defined benefit plans	(1,953)	(403)
Share of other comprehensive income of investments accounted for using the equity method	(11,256)	4,576
Income tax relating to items not reclassified	(67,477)	5,401
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	124,798	(32,238)
Cash flow hedges	8,208	(3,590)
Share of other comprehensive income of investments accounted for using the equity method	(63,846)	(84,346)
Income tax relating to items that may be reclassified	(8,724)	5,956
Total other comprehensive income	305,623	(119,115)
Comprehensive Income for the Period	¥ 515,179	¥ 239,228
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 497,987	¥ 223,415
Non-controlling interests	17,192	15,813

(3) Condensed Consolidated Statements of Changes in Equity

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the period			335,076			335,076	23,267	358,343
Other comprehensive income for the period				(111,661)		(111,661)	(7,454)	(119,115)
Comprehensive income for the period			335,076	(111,661)		223,415	15,813	239,228
Transaction with owners:								
Dividends paid to the owners of the parent			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders							(9,532)	(9,532)
Acquisition of treasury stock					(21,477)	(21,477)		(21,477)
Sales of treasury stock		(133)	(287)		421	1		1
Compensation costs related to share-based payment	294	317				611		611
Equity transactions with non-controlling interest shareholders		16,292		653		16,945	(25)	16,920
Transfer to retained earnings			36,048	(36,048)		-		-
Balance as at December 31, 2019	¥ 341,776	¥ 403,811	¥ 3,305,115	¥ 316,214	¥ (28,632)	¥ 4,338,284	¥ 273,398	¥ 4,611,682

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the period			198,937			198,937	10,619	209,556
Other comprehensive income for the period				299,050		299,050	6,573	305,623
Comprehensive income for the period			198,937	299,050		497,987	17,192	515,179
Transaction with owners:								
Dividends paid to the owners of the parent			(135,476)			(135,476)		(135,476)
Dividends paid to non-controlling interest shareholders							(10,788)	(10,788)
Acquisition of treasury stock					(45,974)	(45,974)		(45,974)
Sales of treasury stock		(112)	(134)		246	0		0
Cancellation of treasury stock			(46,722)		46,722	-		-
Compensation costs related to share-based payment	304	1,412				1,716		1,716
Equity transactions with non-controlling interest shareholders		(37)		3		(34)	(4,738)	(4,772)
Transfer to retained earnings			(3,234)	3,234		-		-
Balance as at December 31, 2020	¥ 342,080	¥ 403,915	¥ 3,375,668	¥ 78,377	¥ (64,144)	¥ 4,135,896	¥ 244,921	¥ 4,380,817

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Operating Activities:		
Profit for the period	¥ 209,556	¥ 358,343
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	200,230	185,394
Change in retirement benefit liabilities	1,146	(1,149)
Loss allowance	67,533	22,029
(Gain) loss on securities and other investments—net	(7,024)	(2,575)
(Gain) Loss on loans measured at FVTPL	21,657	-
Impairment (reversal) loss of fixed assets—net	40,133	11,603
(Gain) loss on disposal or sales of fixed assets—net	(1,228)	(7,186)
Interest income, dividend income and interest expense	(57,380)	(65,940)
Income taxes	63,057	112,969
Share of (profit) loss of investments accounted for using the equity method	(155,002)	(199,213)
Valuation (gain) loss related to contingent considerations and others	(3,195)	(3,807)
Changes in operating assets and liabilities:		
Change in trade and other receivables	12,273	(25,483)
Change in inventories	(44,389)	(83,192)
Change in trade and other payables	48,111	(48,197)
Other—net	(51,660)	26,899
Interest received	41,727	56,672
Interest paid	(46,881)	(73,480)
Dividends received	231,486	214,475
Income taxes paid	(67,700)	(91,291)
Cash flows from operating activities	502,450	386,871
Investing Activities:		
Net change in time deposits	(40,717)	2,436
Net change in investments in equity accounted investees	(49,834)	(67,920)
Net change in other investments	(2,026)	56,694
Net change in loan receivables	5,512	(2,451)
Net change in property, plant and equipment	(172,199)	(190,823)
Net change in investment property	(49,277)	(4,310)
Cash flows from investing activities	(308,541)	(206,374)
Financing Activities:		
Net change in short-term debt	(32,895)	19,944
Net change in long-term debt	(10,776)	(2,364)
Repayments of lease liabilities	(44,718)	(44,639)
Purchases and sales of treasury stock	(45,974)	(21,476)
Dividends paid	(135,476)	(139,071)
Transactions with non-controlling interest shareholders	(12,453)	(2,183)
Cash flows from financing activities	(282,292)	(189,789)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	8,178	(611)
Change in Cash and Cash Equivalents	(80,205)	(9,903)
Cash and Cash Equivalents at Beginning of Period	1,058,733	956,107
Cash and Cash Equivalents at End of Period	¥ 978,528	¥ 946,204

"Interest income, dividend income and interest expense", "Interest received", "Interest paid" and "Dividends received" of Condensed Consolidated Statements of Cash Flows include not only interest income, dividend income and interest expense that are included in "Finance Income (Costs)" of Condensed Consolidated Statements of Income, but also interest income, dividend income, interest expense that are included in Revenue and Cost respectively and cash flows related with them.

(5) Assumption for Going Concern: None

(6) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in Accounting Policies

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 2020 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year except for the following.

The companies applied the following new standards for Condensed Consolidated Financial Statements from April 1, 2020.

IFRS	Title	Summaries
IFRS 3	Business Combinations (amended in October 2018)	Amendment of definition of a business

Impacts from the application of IFRS 3 "Business Combinations" amended in October 2018 on the Condensed Consolidated Financial Statements are immaterial.

2) Changes in Accounting Estimates

The significant changes in accounting estimates in the Condensed Consolidated Financial Statements are as follows:

(Impairment losses for the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique)
Mitsui & Co. Mozambique Coal Finance Limited, Mitsui & Co. Nacala Infrastructure Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lends to Mozambique coal business, or lend to and invest in Mozambique rail & port infrastructure business, recognized full impairment to the carrying amount for both investment and loans of ¥ 73,599 million as a loss allowance for doubtful debt, a loss on loans measured at FVTPL, an impairment loss included in share of profit (loss) of investments accounted for using the equity method and an impairment loss for investments accounted for using the equity method, due to the decrease of our production assumptions based on the revision of the production plan and the decline in the coal prices which are based on several third parties' mid-long term forecasts. In the Condensed Consolidated Statements of Income, a loss allowance is recorded by ¥44,823 million (Mineral & Metal Resources ¥35,858 million, Machinery & Infrastructure ¥8,965 million) in "Selling, general and administrative expenses", a loss on loans measured at FVTPL is recorded by ¥21,657 million (Mineral & Metal Resources ¥17,326 million, Machinery & Infrastructure ¥4,331 million) in "Other income (expense) －net", an impairment loss included in share of profit (loss) of investments accounted for using the equity method is recorded by ¥4,727 million (Mineral & Metal Resources ¥3,782 million, Machinery & Infrastructure ¥945 million) in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method" and an impairment loss for investments accounted for using the equity method is recorded by ¥2,392 million (Mineral & Metal Resources ¥1,914 million, Machinery & Infrastructure ¥478 million) in "Gain (loss) on securities and other investments－net", respectively.

(Loss related to selling the entire interest in Caserones copper mine business)
Mitsui & Co., Ltd. and its subsidiary, Mitsui Bussan Copper Investment & Co., Ltd., which invest and lend to Caserones copper mine business, recognized a loss of ¥9,196 million in Mineral & Metal Resources segment, with the conclusion of the basic agreement to sell the entire interest as a part of reorganization and reconstructing of asset portfolio.In the Condensed Consolidated Statements of Income, a loss allowance for the related lending and others is recorded by ¥8,308 million in “Selling, general and administrative expenses” and an impairment loss for the related investments accounted for using the equity method is recorded by ¥888 million in “Gain (loss) on securities and other investments - net”, respectively.

(Impairment loss for the oil development business)
Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of ¥ 32,051 million in “Impairment reversal (loss) of fixed assets - net” in the Condensed Consolidated Statements of Income, of which impairment loss of property, plant and equipment is ¥24,869 million and impairment loss of goodwill is ¥7,182 million, by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥ 146,845 million. The impairment loss was mainly related to a decline in the crude oil price. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

(Impairment loss for the locomotive leasing business in Europe)
Mitsui Rail Capital Europe B.V., a subsidiary in the Machinery & Infrastructure Segment engaged in the locomotive leasing business in Europe, recognized an impairment loss of ¥9,065 million in “Impairment reversal (loss) of fixed assets - net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of the locomotives, goodwill and others to the recoverable amount of ¥79,134 million. Out of the impairment loss, the amount of property, plant and equipment is ¥4,903 million, and the amount of goodwill and others is ¥4,162 million. The impairment loss was mainly related to a lower operating ratio of the locomotives. The recoverable amount of property, plant and equipment represented the value in use and the fair value less costs of disposal, and the recoverable amount of goodwill and others represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit. The fair value less costs of disposal is based on the reasonable price considering the recent sale cases of the asset being valued, and the fair value is classified as level 3.

(Recognition of deferred tax assets in the U.S. energy subsidiaries)
The Company transferred and reorganized investment subsidiaries in U.S. oil and gas project business to MBK Energy Holdings USA Inc. (“MEH”) on November 30, 2020 for the centralization of management of the oil and gas projects in the U.S. Due to this reorganization, the Company recognized deferred tax assets mainly relating to tax losses in MEH’s subsidiaries to be realized against future taxable income generated primarily from long-term service agreements of U.S. LNG project, and gain of ¥ 39,030 million has been recognized in “Income Taxes” on the Condensed Consolidated Statement of Income for the nine-month period ended December 31, 2020.

(7) Changes in Presentation

(Condensed Consolidated Statements of Cash Flows)
"Repayments of lease liabilities", which was included in "Net change in long-term debt" for the nine-month period ended December 2019 is separately presented from the three-month period ended June 2020 in order to indicate the calculation of Core Operating Cash Flow whose formula has been altered from April 1,2020. Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 2019 is reclassified to conform to this change in presentation.
As a result, the amount of ¥ (47,003) million for the nine-month period ended December 2019, which was presented in "Net change in long-term debt" within "Cash Flows from Financing Activities" in the Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 2019 has been reclassified and presented as ¥ (2,364) million for "Net change in long-term debt" and as ¥ (44,639) million for "Repayments of lease liabilities".

(Condensed Consolidated Statements of Changes in Equity)
Compensation costs related to stock options and share performance-linked restricted stock are integrated in "Compensation costs related to share-based payment" from the six-month period ended September 30, 2020. Compensation costs related to the share-based compensation plan for employees introduced in the six-month period ended September 30, 2020 is also included in this account.
As a result, in Condensed Consolidated Statements of Changes in Equity for the nine-month period ended December 31, 2019, the capital surplus of ¥ 23 million for "Compensation costs related to stock options", the common stock of ¥ 294 million and the capital surplus of ¥ 294 million for "Compensation costs related to share performance-linked restricted stock" have been reclassified and presented as the common stock of ¥ 294 million and the capital surplus of ¥ 317 million for "Compensation costs related to share-based payment".

(8) Segment Information

Nine-month period ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	161,291	938,307	549,463	518,679	951,836	1,414,066	163,507	4,697,149	1,923	4,699,072
Gross Profit	14,779	167,530	44,658	75,843	92,151	94,968	76,231	566,160	2,040	568,200
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	(253)	45,278	15,587	73,301	7,274	4,649	8,911	154,747	255	155,002
Profit (Loss) for the Period Attributable to Owners of the parent	(2,757)	76,937	26,734	35,210	32,379	(441)	37,435	205,497	(6,560)	198,937
Core Operating Cash Flow	2,135	205,180	102,654	64,534	48,515	11,262	40,077	474,357	19,040	493,397
Total Assets at December 31, 2020	539,172	2,324,470	2,357,286	2,185,514	1,263,843	1,999,063	1,164,664	11,834,012	7,665	11,841,677

Nine-month period ended December 31, 2019 (from April 1, 2019 to December 31, 2019) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	184,168	824,195	620,200	680,325	1,198,018	1,554,980	131,253	5,193,139	850	5,193,989
Gross Profit	18,255	176,462	109,720	100,285	89,653	103,447	42,330	640,152	271	640,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	9,188	43,510	32,773	76,158	10,048	16,516	11,087	199,280	(67)	199,213
Profit for the Period Attributable to Owners of the parent	3,519	135,897	96,132	61,230	16,605	18,091	6,005	337,479	(2,403)	335,076
Core Operating Cash Flow	1,171	170,151	184,141	59,915	27,252	10,729	(879)	452,480	19,725	472,205
Total Assets at March 31, 2020	539,599	1,921,883	2,566,282	2,360,321	1,217,737	1,907,621	1,198,286	11,711,729	94,563	11,806,292

Notes:1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2020 and December 31, 2020 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services amounting to ¥ 7,142,647 million and ¥ 7,163,253 million, respectively.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Period Attributable to Owners of the parent of “Others /Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Total assets of “Others / Adjustments and Eliminations” at March 31, 2020 and December 31, 2020 includes elimination of receivables and payables between segments amounting to ¥ 7,048,084 million and ¥ 7,155,588 million, respectively.
5. Formerly, Core Operating Cash Flow was calculated by eliminating the sum of the “Changes in Operating Assets and Liabilities” from “Cash Flows from Operating Activities” as presented in the Condensed Consolidated Statements of Cash Flows. From the three-month period ended June 30, 2020, it is calculated by additionally deducting the “Repayments of lease liabilities” as presented in the “Cash Flows from Financing Activities”. In accordance with this change, Core Operating Cash Flow for the nine-month period ended December 31, 2019 has been restated.
6. In order to accelerate our multifaceted, flexible initiatives that combine various kinds of knowledge from different business domains, the business of next-generation electric power was transferred from the “Machinery & Infrastructure” segment to the “Energy” segment, in conjunction with the creation of the Energy Solutions Business Unit in “Energy” segment, from the three-month period ended June 30, 2020. In accordance with this change, the segment information for the nine-month period ended December 31, 2019 has been restated to conform to the current period presentation.

(9) The Fire Incident of Intercontinental Terminals Company LLC

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company LLC ("ITC"), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC. ITC has resumed its operation after discussions with related authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The profit and loss related to this incident recognized in the nine-month period ended December 31, 2020 and 2019, and the outstanding balance of related provision as of December 31, 2020 are immaterial.

There are multiple lawsuits that have been brought against ITC in relation to this incident. These lawsuits are at the early stages and the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

(10) Taxation on Capital Gain in India

Earlyguard Limited ("EG"), a UK subsidiary of Mitsui & Co., Ltd., received a tax payment notice dated January 21, 2020 which requested payment of 24.0 billion Indian Rupees (¥34.0 billion) from Indian tax authority.
The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued.
The company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.