Consolidated Financial Results for the Year Ended March 31, 2022 [IFRS]

Tokyo, May 2, 2022 - Mitsui & Co., Ltd. announced its consolidated financial results for the year ended March 31, 2022, based on International Financial Reporting Standards ("IFRS").

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

President and Chief Executive Officer : Kenichi Hori
Investor Relations Contacts : Maroshi Tokoyoda, Investor Relations Division TEL 81-3-3285-1111

1. Consolidated financial results

(1) Consolidated operating results information for the year ended March 31, 2022
(from April 1, 2021 to March 31, 2022)

		Years ended March 31,			
		2022	%	2021	%
Revenue	Millions of Yen	11,757,559	46.8	8,010,235	(5.6)
Profit before income taxes	Millions of Yen	1,164,480	158.7	450,202	(15.7)
Profit for the year	Millions of Yen	937,670	167.6	350,381	(14.8)
Profit for the year attributable to owners of the parent	Millions of Yen	914,722	172.7	335,458	(14.3)
Comprehensive income for the year	Millions of Yen	1,410,988	41.7	996,046	—
Earnings per share attributable to owners of the parent, basic	Yen	561.61		199.28	
Earnings per share attributable to owners of the parent, diluted	Yen	561.38		199.18	
Profit ratio to equity attributable to owners of the parent	%	18.0		8.0	
Profit before income taxes to total assets	%	8.5		3.7	

Note:
1. Percentage figures for Revenue, Profit before income taxes, Profit for the year, Profit for the year attributable to owners of the parent, and Comprehensive income for the year represent changes from the previous year.
2. Share of profit (loss) of investments accounted for using the equity method for the years ended March 31, 2022 and 2021 were ¥431,263 million and ¥227,910 million, respectively.

(2) Consolidated financial position information

		March 31, 2022	March 31, 2021
Total assets	Millions of Yen	14,923,290	12,515,845
Total equity	Millions of Yen	5,795,416	4,822,887
Total equity attributable to owners of the parent	Millions of Yen	5,605,205	4,570,420
Equity attributable to owners of the parent ratio	%	37.6	36.5
Equity per share attributable to owners of the parent	Yen	3,501.21	2,739.28

(3) Consolidated cash flow information

		Years ended March 31, 2022	Years ended March 31, 2021
Operating activities	Millions of Yen	806,896	772,696
Investing activities	Millions of Yen	(181,191)	(322,474)
Financing activities	Millions of Yen	(614,325)	(486,963)
Cash and cash equivalents at the end of the year	Millions of Yen	1,127,868	1,063,150

2. Dividend information

		Years ended March 31, 2022	Years ended March 31, 2021	Year ending March 31, 2023 (Forecast)
Interim dividend per share	Yen	45	40	60
Year-end dividend per share	Yen	60	45	60
Annual dividend per share	Yen	105	85	120
Annual dividend (total)	Millions of Yen	169,586	142,589	
Consolidated dividend payout ratio	%	18.7	42.7	24.0
Consolidated dividend on equity attributable to owners of the parent	%	3.4	3.4	

Note:

The amount of dividend for the shares related to the share-based compensation plan for employees included in the Annual dividend for the years ended March 31, 2022 and 2021 were ¥405 million and ¥331 million, respectively.

3. Forecast of consolidated operating results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

		Year ending March 31, 2023
Profit attributable to owners of the parent	Millions of Yen	800,000
Earnings per share attributable to owners of the parent, basic	Yen	499.71

4. Others

(1) Increase/decrease of important subsidiaries during the Year : None

(2) Changes in accounting policies and accounting estimate :

(i) Changes in accounting policies required by IFRS None

(ii) Other changes None

(iii) Changes in accounting estimates Yes

Note :

For further details please refer to p.28 “5. Consolidated Financial Statements (7) Changes in Accounting Estimates”.

(3) Number of shares :

	March 31, 2022	March 31, 2021
Number of shares of common stock issued, including treasury stock	1,642,355,644	1,717,104,808
Number of shares of treasury stock	41,423,291	48,628,466

	Year ended March 31, 2022	Year ended March 31, 2021
Average number of shares of common stock outstanding	1,628,744,153	1,683,338,251

This earnings report is not subject to audit.

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 key assumptions on which the statements concerning future performance are based, please refer to (2)"Forecasts for the Year Ending March 31, 2023" on p.17. For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on p.21.

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 May 6, 2022.

Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

Table of Contents

1. Qualitative Information

As of the date of disclosure of this earnings report, the audit procedures for consolidated financial statements have not been completed.

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 year ended March 31, 2022, the global economy rebounded overall, although the pace of economic recovery has slowed down due to the impact of the COVID-19 pandemic and supply constraints, such as the shortage of semiconductor and distribution bottlenecks, as well as the detrimental effect of the Russia-Ukraine situation.

In the U.S., although the pace of growth has been hampered by the prolonged supply constraints and other issues, personal consumption has been stimulated by the re-opening of the economy and generous cash payments introduced by the government, and much of the economy has followed a firm recovery track. Looking ahead, economic recovery is expected to continue, considering the subsiding impact of the COVID-19 pandemic, easing supply constraints, and a robust employment and personal income environment, while there are some areas of concern, such as rising inflation and increasingly tighter monetary policy. In Europe, high growth was achieved in the first half of the fiscal year as restrictions on economic activity were relaxed. However, against the backdrop of the Russia-Ukraine situation, the deterioration of supply constraints, such as those on energy, further rising of consumer goods prices, and weakening of consumer confidence have restrained recovery and lowered the growth rate. The suppressive effect on the economy caused by the Russia-Ukraine situation will remain significant for the time being, and the recovery that will accompany the reopening of the economy is expected to be delayed. In Japan, consumption, which had been recovering following the lifting of the fourth state of emergency in autumn of 2021, stalled once again due to the impact of the spread of the Omicron variant, occurring at the beginning of 2022, and production of automobiles and other products was also constrained, resulting in a more or less flat economy. Looking ahead, the impact of the COVID-19 pandemic is expected to gradually subside, which is expected to stimulate consumption and lead to economic recovery. In China, the economic recovery has slowed down for reasons such as weakening production and consumption activities resulting from the zero-COVID policy that has involved strong efforts, ongoing since the summer of 2021, to locally contain the spread of infections, in addition to government measures to control real estate investment and other factors. Looking forward, although continuation of the zero-COVID policy would be a hindrance to economic recovery, China's economy is expected to continue moderate recovery, underpinned by increased investment in infrastructure and monetary easing policies. In Brazil and Russia, rising inflation and increases in policy interest rates have been hampering economic recovery, and Russia, in particular, is expected to undergo rapid contraction of economic activity due to economic sanctions imposed on it by the international community.

Going forward, while there are some areas of concern, such as a further worsening and protraction of global supply constraints due to the Russia-Ukraine situation, rising inflation, tightening monetary policy in the U.S., and weakening growth in the emerging economies due to delayed recovery from the COVID-19 pandemic, it is expected that the global economy will continue to maintain positive growth overall as the impact of the spread of COVID-19 infections subsides and economic activities are revitalized.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year	Change
Revenue		11,757.6	8,010.2	+3,747.4
Gross Profit		1,141.4	811.5	+329.9
Selling, General and Administrative Expenses		(596.3)	(606.4)	+10.1
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	8.7	7.9	+0.8
	Impairment Reversal (Loss) of Fixed Assets—Net	(19.1)	(52.9)	+33.8
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	14.5	4.6	+9.9
	Other Income (Expense)—Net	14.9	(13.9)	+28.8
Finance Income (Costs)	Interest Income	20.0	19.9	+0.1
	Dividend Income	196.5	103.7	+92.8
	Interest Expense	(47.3)	(51.9)	+4.6
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		431.3	227.9	+203.4
Income Taxes		(226.8)	(99.8)	(127.0)
Profit for the Year		937.7	350.4	+587.3
Profit for the Year Attributable to Owners of the Parent		914.7	335.5	+579.2

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

Revenue

Revenue for the year ended March 31, 2022 (“current year”) was ¥11,757.6 billion, an increase of ¥3,747.4 billion from the year ended March 31, 2021 (“previous year”). The increase was mainly in the Energy Segment, the Chemicals Segment and the Mineral & Metal Resources Segment.

Gross Profit

Mainly the Mineral & Metal Resources Segment, the Energy Segment and the Chemicals Segment recorded an increase.

Selling, General and Administrative Expenses

Mainly the Chemicals Segment recorded an increase in expense, while the Mineral & Metal Resources Segment and the Machinery & Infrastructure Segment recorded a decrease in expense due to absence of one-time losses for the previous year. The table provides a breakdown.

	Billions of Yen		
	Current Year	Previous Year	Change
Personnel	¥ (333.6)	¥ (296.9)	¥ (36.7)
Welfare	(11.8)	(9.2)	(2.6)
Travel	(10.6)	(7.0)	(3.6)
Entertainment	(3.2)	(1.7)	(1.5)
Communication	(48.6)	(46.4)	(2.2)
Rent	(9.0)	(8.7)	(0.3)
Depreciation	(35.0)	(36.7)	+1.7
Fees and Taxes	(12.9)	(12.4)	(0.5)
Loss Allowance	(20.2)	(80.6)	+60.4
Others	(111.4)	(106.8)	(4.6)
Total	¥ (596.3)	¥ (606.4)	¥ +10.1

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current year, a gain on securities was recorded mainly in the Lifestyle Segment, while an impairment loss was recorded in the Machinery & Infrastructure Segment.

For the previous year, a gain on securities was recorded in the Machinery & Infrastructure Segment, while impairment losses were recorded in the Mineral & Metal Resources Segment and the Machinery & Infrastructure Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current year, mainly the Energy Segment recorded impairment losses on fixed assets.

For the previous year, impairment losses on fixed assets were recorded mainly in the Energy Segment and the Machinery & Infrastructure Segment, while an impairment reversal was recorded in the Innovation & Corporate Development Segment.

Other Income (Expense)—Net

For the current year, the Energy Segment recorded a provision, while the Mineral & Metal Resources Segment recorded foreign exchange related profits and losses and a gain in relation to asset retirement obligation, the Lifestyle Segment recorded a valuation profit of a put option, the Chemicals Segment recorded insurance proceeds in the business in North America.

For the previous year, the Mineral & Metal Resources Segment and the Machinery & Infrastructure Segment recorded losses related to loans, the Mineral & Metal Resources Segment recorded foreign exchange related profits and losses, the Energy Segment recorded an loss in relation to asset retiremen obligation, while the Chemicals Segment recorded insurance proceeds in the business in North America.

Finance Income (Costs)

Dividend Income

Mainly the Mineral & Metal Resources Segment and the Energy Segment recorded an increase.

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

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

Income Taxes

Income taxes for the current year were ¥226.8 billion, an increase of ¥127.0 billion from ¥99.8 billion for the previous year.

The effective tax rate for the current year was 19.5%, a decrease of 2.7 points from 22.2% for the previous year. The effective tax rate was decreased mainly due to an absence of an impairment loss not recognizable for deferred tax in the Mineral & Metal Resources Segment for the previous year.

Profit for the Year Attributable to Owners of the Parent

As a result, profit for the year attributable to owners of the parent was ¥914.7 billion, an increase of ¥579.2 billion from the previous year.

2) Operating Results by Operating Segment

The fluctuation analysis for the results by operating segment is below.

The order in which reporting segments are presented has been changed in the segment information from the current year, and this change also applies for the previous year.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	497.6	179.9	+317.7
Gross Profit	392.5	251.2	+141.3
Profit (Loss) of Equity Method Investments	145.3	70.4	+74.9
Dividend Income	124.3	59.8	+64.5
Selling, General and Administrative Expenses	(30.2)	(72.3)	+42.1
Others	(134.3)	(129.2)	(5.1)

・ Gross Profit increased mainly due to the following factors:
  - Iron ore mining operations in Australia recorded an increase of ¥66.6 billion mainly due to higher sales price.
  - Coal mining operations in Australia recorded an increase of ¥65.2 billion mainly due to higher sales price.

・ 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 ¥19.6 billion mainly due to higher sales price.
  - Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd recorded an increase of ¥17.6 billion mainly in the ferroalloys and chemicals businesses due to higher market prices caused by strong demand and electricity restriction in China.
  - Inversiones Mineras Becrux SpA, which invests in Anglo American Sur S.A., a copper mining company in Chile, recorded an increase of ¥10.8 billion mainly due to higher sales price.
  - Iron ore mining operations in Australia recorded an increase of ¥8.9 billion mainly due to higher sales price.
  - Coal mining operations in Australia recorded an increase of profit mainly due to higher sales price.
  - For the previous year, an impairment loss of ¥3.8 billion was recorded for the Nacala Corridor rail & port infrastructure business in Mozambique following the revisions to our various assumptions.

・ Dividend income increased mainly due to higher dividends from Vale S.A. and iron ore mining operations in

Australia.

・ Selling, General and Administrative Expenses decreased mainly due to the following factors:
  - For the previous year, an impairment loss of ¥35.9 billion for doubtful debts was recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique following the revisions to our various assumptions.
  - For the previous year, 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:
  - For the current year, a reversal of deferred tax liability of ¥6.2 billion was recorded in relation to the reorganization of Japan Collahuasi Resources B.V., which invests in Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile.
  - For the current year, a reversal of deferred tax liability for the retained earnings was recorded following the dividend income from Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd.
  - For the current year, iron ore mining operations in Australia recorded an increase of ¥4.8 billion due to foreign exchange related profits and losses.
  - For the current year, coal mining operations in Australia recorded an increase of ¥4.1 billion due to foreign exchange related profits and losses.
  - For the current year, a reversal of deferred tax liability for the retained earnings was recorded at the iron ore mining operation in Australia.
  - For the current year, iron ore mining operations in Australia recorded a gain of ¥3.1 billion due to a revision of asset retirement obligation.
  - For the current year, a gain of ¥3.1 billion was recorded due to a recognition of deferred tax assets following the higher dividend income from Anglo American Sur S.A.
  - For the previous year, impairment losses of ¥19.2 billion were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique following the revisions to our various assumptions.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	114.0	27.2	+86.8
Gross Profit	145.4	62.9	+82.5
Profit (Loss) of Equity Method Investments	32.3	18.8	+13.5
Dividend Income	53.6	25.1	+28.5
Selling, General and Administrative Expenses	(53.1)	(47.2)	(5.9)
Others	(64.2)	(32.4)	(31.8)

・ Gross Profit increased mainly due to the following factors:
  - Business division at the Headquarters recorded an increase mainly due to more profit related to LNG trading business.
  - Mitsui E&P USA LLC recorded an increase of ¥17.1 billion mainly due to a higher gas price.
  - Mitsui E&P Australia Pty Ltd recorded an increase of ¥16.0 billion mainly due to a higher oil price.
  - MOEX North America LLC recorded an increase of ¥5.8 billion mainly due to a higher oil price.
  - MEP Texas Holdings LLC recorded an increase of ¥4.9 billion mainly due to higher oil and gas prices.
  - Mitsui E&P Italia A S.r.l recorded an increase of ¥4.5 billion mainly due to a higher oil price.
  - Mitsui E&P Middle East B.V. recorded an increase of ¥3.8 billion due to higher oil price.

- Mittwell Energy Resources Pty Ltd recorded an increase of ¥3.6 billion due to the increase in sales volume.
- Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥15.9 billion mainly due to decline in production, in spite of higher oil and gas prices.

・ Profit (Loss) of Equity Method Investment increased mainly due to the following factors:
- Japan Australia LNG (MIMI) Pty. Ltd recorded an increase mainly due to higher oil and gas prices.
- Mitsui & Co. LNG Investment USA, Inc. recorded an increase of ¥4.9 billion due to the commencement of commercial operation in all three trains at the Cameron LNG Project.
- Japan Arctic LNG recorded a decrease of ¥3.4 billion mainly due to valuation loss resulted from changes in oil price, foreign exchange rate and others, as well as provision of valuation allowance for loans caused by downgrade of the Russian government credit rating etc.

・ Dividends from six LNG projects (Sakhalin II, Abu Dhabi, Qatargas 1, Oman, Qatargas 3 and Equatorial Guinea(*)) were ¥52.9 billion in total, an increase of ¥28.5 billion from the previous year.
(*) Equatorial Guinea was sold during the 3rd quarter of current year.

・ Selling, General and Administrative Expenses increased mainly due to the following factor:
- Provision of loss valuation of ¥4.1 billion was recorded in relation to loan for Japan Arctic LNG mainly due to a downgrade of Russian government credit rating etc.

・ In addition to the above, the following factors also affected results.
- For the previous year, a profit of ¥39.0 billion was recorded due to a recognition of deferred tax assets in accordance with a reorganization in relation to MBK Energy Holdings USA.
- Provision of loss valuation allowance of ¥12.2 billion was recorded in relation to Arctic LNG 2 project mainly due to a downgrade of the Russian government credit rating etc.
- MOEX North America LLC recorded a decrease of ¥4.8 billion mainly due to derivative related profit and loss.
- Business division at the Headquarters recorded a foreign exchange related loss of hedging purpose in LNG trading business.
- For the previous year, Mitsui E&P Italia A S.r.l recorded an impairment loss of ¥23.4 billion for its Tempa Rossa project.
- For the previous year, Mitsui E&P Australia recorded an impairment loss of ¥17.3 billion mainly for its Meridian production project as well as Toro/Ragnar and Libra exploration projects.
- For the current year, Mitsui Oil Exploration Co., Ltd. recorded a profit of corporate income tax of ¥14.7 billion in relation to a reversal of tax allowance for exploration activities, as well as an impairment loss of ¥7.3 billion for Block M-3 exploration project and profit of ¥2.7 billion in relation to a reversal of tax reserve for overseas investment loss.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	120.8	45.9	+74.9
Gross Profit	142.9	107.7	+35.2
Profit (Loss) of Equity Method Investments	146.0	95.3	+50.7
Dividend Income	4.1	3.9	+0.2
Selling, General and Administrative Expenses	(127.7)	(132.9)	+5.2
Others	(44.5)	(28.1)	(16.4)

・ Gross Profit increased mainly due to the following factors:
- PT. Bussan Auto Finance recorded an increase of ¥7.0 billion mainly due to interest income following accumulation of operating assets based on the recovery of markets.
- Toyota Chile S.A. recorded an increase of ¥4.5 billion due to steady sales results and high profit margins based

on tight vehicle supply.

- Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
  - MBK USA Commercial Vehicles Inc. recorded an increase of ¥25.1 billion due to good performance in the truck leasing and rental business.
  - Penske Automotive Group, Inc. recorded an increase of ¥13.3 billion due to steady sales results.
  - For the previous year, an impairment loss of ¥0.9 billion was recorded for the Nacala Corridor rail & port infrastructure business in Mozambique following the revisions to our various assumptions.
  - Investments in IPP businesses recorded a decrease of ¥7.1 billion mainly due to reversal of deferred tax assets and mark-to-market valuation loss of power derivatives in Australia, and foreign exchange losses on yen-denominated lease assets and borrowings in Indonesia.
  - For the current year, a loss was recorded at a vessel owning company due to the sluggish tanker market.
  - For the previous year, a portion of impairment loss of ¥4.7 billion for equity investments was recorded in relation to passenger rail franchise business in the UK, while a gain of ¥1.9 billion was recorded on reversal of the loss for the current year.
- Selling, General and Administrative Expenses decreased mainly due to the following factors:
  - For the previous year, 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.
  - For the previous year, a loss allowance for doubtful debt of ¥4.9 billion was recorded in the passenger rail franchise business in the UK, while a gain of ¥2.1 billion was recorded on reversal of the loss allowance for the current year.
- In addition to the above, the following factors also affected results:
  - For the previous year, a gain on sale of the IPP business in North America was recorded.
  - For the current year, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of sale and purchase agreement for the shares of MT Falcon Holdings S.A.P.I.de C.V.
  - For the previous year, ¥9.3 billion impairment loss was recorded in the rolling stock leasing business.
  - For the previous year, impairment losses of ¥4.8 billion were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique following the revisions to our various assumptions.
  - Investments in drillship business recorded an increase of ¥4.8 billion due to the reversal of loss allowance in the previous year.
  - For the previous year, a provision for loss on guarantee of ¥1.5 billion was recorded in the passenger rail franchise business in the UK, while a gain of ¥0.2 billion was recorded on reversal of the loss allowance for the current year.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	68.9	43.5	+25.4
Gross Profit	183.0	124.9	+58.1
Profit (Loss) of Equity Method Investments	20.7	11.3	+9.4
Dividend Income	3.3	3.0	+0.3
Selling, General and Administrative Expenses	(112.8)	(95.5)	(17.3)
Others	(25.3)	(0.2)	(25.1)

・ Gross Profit increased mainly due to the following factors:
- European agrochemical company, Belchim Crop Protection NV/SA recorded an increase due to consolidation of the company in the current year.
- An increase of ¥5.7 billion was recorded in MMTX, Inc. mainly due to a higher methanol price.
- Mitsui Bussan Agro-Business S.A. recorded an increase mainly due to a higher fertilizer price.
- Chemicals trading business at the Headquarters recorded an increase mainly due to good performance of fertilizer and its raw materials.
- An increase of ¥3.0 billion was recorded in Novus International, Inc. mainly due to price sales and cost reductions.

・ Profit (Loss) of Equity Method Investments increased mainly due to the following factor:
- Japan-Arabia Methanol Company Ltd. recorded an increase of ¥4.7 billion mainly due a to higher methanol price.

・ Selling, General and Administrative Expense increased mainly due to the following factor:
- European agrochemical company, Belchim Crop Protection NV/SA recorded an expense increase due to consolidation of the company in the current year.

・In addition to above, the following factor also affected results:
- For the current and previous year, insurance proceeds were recorded in the business in North America.

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	26.9	2.1	+24.8
Gross Profit	35.5	21.2	+14.3
Profit (Loss) of Equity Method Investments	26.0	4.3	+21.7
Dividend Income	1.7	1.4	+0.3
Selling, General and Administrative Expenses	(23.6)	(22.0)	(1.6)
Others	(12.7)	(2.8)	(9.9)

・ Gross Profit increased mainly due to the following factor:
- Mitsui & Co. Steel Ltd. recorded an increase of ¥4.8 billion mainly due to increases in the unit price of steel products and handling volumes.

・Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
- Numit LLC, which invests in Steel Technologies LLC, recorded an increase of ¥8.7 billion mainly due to the improvement of operating time by the recovery of automotive production in the U.S. and an increase in the unit price of steel products.
- Gestamp companies recorded an increase of ¥5.6 billion as a result of the cost reduction due to structural transformation.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	61.5	12.7	+48.8
Gross Profit	143.0	133.8	+9.2
Profit (Loss) of Equity Method Investments	41.1	13.4	+27.7
Dividend Income	5.6	5.6	0
Selling, General and Administrative Expenses	(130.7)	(129.4)	(1.3)
Others	2.5	(10.7)	+13.2

・ Gross Profit increased mainly due to the following factors:
  - UHS PARTNERS, INC. recorded an increase of ¥5.6 billion due to good performance in the healthcare staffing business.
  - An increase of ¥5.4 billion was recorded mainly due to good performance in grain trading at a business division at the Headquarters.
  - XINGU AGRI AG, an agricultural production business in Brazil, recorded an increase of ¥3.5 billion mainly due to an increase in soybean and cotton harvests, and higher prices.

・ Profit (Loss) of Equity Method Investments increased mainly due to the following factors:
  - IHH Healthcare Berhad recorded an increase of ¥12.8 billion due to the effect of the COVID-19 pandemic in the previous year as well as the absence of an impairment loss of goodwill over a subsidiary in India, and increased demand for COVID-19 related services, an operation improvement for the current year and a recognition of deferred tax assets in its subsidiary in Turkey.
  - Mit-Salmon Chile SpA recorded an increase of ¥4.1 billion due to recovery of the sales price and increase in sales volume in the salmon farming, processing and sales business in Chile.
  - WILSEY FOODS INC. recorded an increase of ¥3.9 billion due to the good performance of Ventura Foods LLC, a U.S. manufacturer of processed oil food, reflecting a higher soybean oil price and recovery from the impact of the COVID-19 pandemic.

・ In addition to the above, the following factors also affected results:
  - For the current year, a valuation gain of ¥10.7 billion was recorded following a merger of Mitsui Bussan I-Fashion Ltd. with the textiles business of Nippon Steel Trading corporation.
  - For the current year, a gain of ¥8.9 billion was recorded as a total amount of the gain on partial sales of the shares in PHC Holdings Corporation and a valuation gain due to the deconsolidation of PHC Holdings Corporation from Mitsui's equity accounted investee.
  - For the current year, a valuation gain of ¥6.2 billion was recorded for a put option in relation to investment to JSC R-Pharm.
  - For the current year, ¥9.1 billion of foreign exchange related loss for hedging purposes was recorded in a coffee trading business at a business division at the Headquarters.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the Year Attributable to Owners of the Parent	57.6	50.2	+7.4
Gross Profit	97.7	107.0	(9.3)
Profit (Loss) of Equity Method Investments	19.7	13.9	+5.8
Dividend Income	2.8	3.8	(1.0)
Selling, General and Administrative Expenses	(67.8)	(63.7)	(4.1)
Others	5.2	(10.8)	+16.0

・ Gross Profit decreased mainly due to the following factors:
- For the previous year, a gain of ¥13.1 billion in the valuation of fair value was recorded at a holding company as a result of sales of its entire shareholding in OSIsoft LLC.
- For the previous year, ¥3.5 billion gain for the valuation and sales of shares was recorded associated with the IPO of QD Laser, Inc., while for the current year, a loss of ¥1.1 billion in the valuation of fair value was recorded.
- For the previous year, ¥5.6 billion gain was recorded due to a fair value valuation and a gain on shares in Hutchison China MediTech Ltd., while for the current year, ¥1.1 billion gain was recorded as a result of sales of the entire shareholding thereof.
- For the previous year, a gain of ¥3.3 billion in the valuation of fair value was recorded associated with the IPO of shares held through G2VP, LLC., while for the current year, a loss of ¥0.5 billion in the valuation of fair value was recorded.
- A business division at the Headquarters recorded an increase of ¥3.5 billion mainly due to an increase of occupancy rates of an integrated development project in the 2, Otemachi 1-Chome District.

・In addition to the above, the following factors also affected results:
- For the current year, MBK Real Estate LLC recorded a gain on sale of a multi-family housing property.
- For the current year, ¥5.1 billion gain on sale of land was recorded.
- For the previous year, ¥4.3 billion gain of an impairment reversal on land was recorded.

3) Evaluation of assets and liabilities for the Russian LNG business

In Russia, we mainly participate in the LNG business in the Energy Segment, as well as in pharmaceuticals and automobile businesses. For the current year, LNG business recorded a decrease of ¥80.6 billion (pre-tax) in the investments through Other Comprehensive Income and a loss of ¥20.9 billion in the Profit for the Year Attributable to Owners of the Parent due to a reassessment of its discount rate following a downgrade of Russian government credit rating etc. The balance of investments, loans and guarantees as of March 31, 2022 was ¥404.7 billion (investments and loans: ¥222.5 billion, and guarantees: ¥182.2 billion) and the provision on guarantees was ¥18.1 billion. For further detail, please refer to “5. Condensed Consolidated Financial Statements (8) Notes to Consolidated Financial Statements ⑥ Impact of the Ukraine situation on the Russian LNG business”.

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

1) Financial Condition

(Billions of Yen)	March 31, 2022	March 31, 2021	Change
Total Assets	14,923.3	12,515.8	+2,407.5
Current Assets	5,716.7	4,207.5	+1,509.2
Non-current Assets	9,206.6	8,308.4	+898.2
Current Liabilities	3,808.6	2,701.7	+1,106.9
Non-current Liabilities	5,319.2	4,991.2	+328.0
Net Interest-bearing Debt	*3,338.9*	*3,299.8*	*+39.1*
Total Equity Attributable to Owners of the Parent	5,605.2	4,570.4	+1,034.8
Net Debt-to-Equity Ratio (times)	0.60	0.72	(0.12)

Assets

Current Assets:

・Cash and cash equivalents increased by ¥64.7 billion.

・Trade and other receivables increased by ¥491.1 billion, mainly due to the following factors:

- An increase in trade receivables by ¥503.4 billion, mainly due to higher market prices and increases in trading volume in the Energy Segment, the Chemicals Segment, the Mineral & Metal Resources Segment, the Lifestyle Segment and the Iron & Steel Products Segment, as well as due to consolidation of European agrochemical company, Belchim Crop Protection NV/SA in the Chemicals Segment; and
- A decrease in the current portion of long-term receivables by ¥39.3 billion, mainly due to loan collection of ¥57.6 billion in the copper business.

・Other financial assets increased by ¥567.9 billion, mainly due to market fluctuation and increase in trading volume in the Innovation & Corporate Development Segment, and higher market prices in the Lifestyle Segment and the Energy Segment.

・Inventories increased by ¥334.5 billion, mainly due to higher market price and increases in trading volume in the Lifestyle Segment, higher market price in the Energy Segment, increases in trading volume in the Innovation & Corporate Development Segment, and consolidation of European agrochemical company, Belchim Crop Protection NV/SA, in the Chemicals Segment.

・Advance payments to suppliers increased by ¥39.7 billion, mainly due to an increase in trading volume in the Machinery & Infrastructure Segment.

Non-current Assets:

・Investments accounted for using the equity method increased by ¥343.4 billion, mainly due to the following factors:

- An increase of ¥296.4 billion resulting from foreign exchange rate fluctuations;
- An increase of ¥431.3 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥354.2 billion due to dividends from equity accounted investees;
- An increase in investment balance at MN Inter-Fashion Ltd. due to change to an equity method investee as a result of the merger of Mitsui Bussan I-Fashion Ltd.;
- An increase of ¥34.9 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project;
- A decrease of ¥11.5 billion due to deconsolidation of an equity method investee in the fashion & textile business;

- Japan Arctic LNG recorded a decrease mainly due to ¥36.4 billion downward valuation of the equity interest in Arctic LNG 2 Project in Russia due to downgrade of Russian government credit rating etc.; and
- A decline of ¥71.9 billion due to partial shares sale of PHC Holdings Corporation and reclassification to Other investments.

・Other investments increased by ¥391.8 billion, mainly due to the following factors:
- An increase of ¥71.1 billion due to reclassification of PHC Holdings Corporation from Investments accounted for using the equity method, as result of partial shares sale;
- As a result of subscription to convertible bonds of PT CT Corpora, the holding company for CT Corp, for ¥67.0 billion;
- Fair value on financial assets measured at FVTOCI increased by ¥158.1 billion (including decrease of ¥44.1 billion due to valuation of the equity interest in the Sakhalin II project held through Mitsui Sakhalin Holdings B.V.), and those measured at FVTPL increased by ¥27.5 billion; and
- An increase due to participation in Hendrix Genetics B.V. through investment in fund.

・Trade and other receivables increased by ¥14.0 billion, mainly due to an increase in the loan at PT. Bussan Auto Finance.

・Other financial assets increased by ¥26.0 billion, mainly due to increases in trading volume in the Machinery & Infrastructure Segment.

・Property, plant and equipment increased by ¥15.8 billion, mainly due to the following factors:
- An increase of ¥46.9 billion (including foreign exchange translation profit of ¥34.3 billion) at iron ore mining operations in Australia;
- An increase of ¥28.0 billion due to consolidation of Inversiones Mitta SpA, which is the parent company of the fleet management operating company in Chile;
- An increase of ¥16.2 billion (including foreign exchange translation profit of ¥8.6 billion) at coal mining operations in Australia;
- An increase of ¥15.6 billion mainly due to establishment of a logistics center by MITSUI FOODS CO., LTD.;
- An increase in the chemical related businesses in North America due to the impact of foreign exchange translation and asset acquisition;
- An increase of ¥10.0 billion mainly due to the impact of foreign exchange translation and asset acquisition by MBK Real Estate LLC in the USA;
- A decline of ¥14.0 billion due to sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.;
- A decline of ¥ 24.2 billion due to asset sales by MyPower Corp, a company engaged in the power generating business;
- A decline of ¥28.8 billion due to reclassification of agricultural land owned by XINGU AGRI AG to Investment property, upon conclusion of lease contracts; and
- A decline of ¥55.6 billion (including foreign exchange translation profit of ¥41.9 billion) at the oil and gas projects.

・Investment property increased by ¥43.8 billion, mainly due to the following factors:
- An increase by ¥28.8 billion due to reclassification of agricultural land owned by XINGU AGRI AG from Property, plant and equipment, upon conclusion of lease contracts; and
- An increase by ¥11.0 billion due to completion of construction at Hibiya Fort Tower, redeveloped by Mitsui & Co. Real Estate Ltd.

・Intangible assets increased by ¥64.4 billion, mainly due to consolidation of Belchim Crop Protection NV/SA, a European agrochemical company and Inversiones Mitta SpA, which is the parent company of the fleet management operating company in Chile, and the impact of foreign exchange translation in the Machinery & Infrastructure Segment.

Liabilities

Current Liabilities:

・Short-term debt decreased by ¥18.7 billion mainly due to debt repayment in the Energy Segment, while there was an increase due to consolidation of European agrochemical company, Belchim Crop Protection NV/SA.
・Trade and other payables increased by ¥425.8 billion, corresponding to the increase in trade and other receivables.
・Other financial liabilities increased by ¥631.9 billion, corresponding to the increase in Other financial assets.
・Advances from customers increased by ¥78.3 billion, mainly due to corresponding increase in advance payments to suppliers and increase of trading volume in the Lifestyle Segment.
・Provisions increased by ¥11.7 billion, mainly due to a valuation loss allowance recorded in the Energy Segment.

Non-current Liabilities:

・Long-term debt, less the current portion, increased by ¥190.1 billion.
・Other financial liabilities increased by ¥30.5 billion mainly due to the following factors:
  - An increase by ¥19.1 billion mainly due to corresponding increase in derivative assets; and
  - An increase by ¥18.1 billion due to increase in provision on guarantees for Arctic LNG 2 Project.
・Deferred tax liabilities increased by ¥103.2 billion, mainly due to the following factors:
  - An increase in the profit of equity method investments in the Machinery & Infrastructure Segment; and
  - A decline by ¥18.2 billion mainly due to reversal of tax reserve for exploration activities and for losses from overseas investments in Mitsui Oil Exploration Co., Ltd.

Total Equity Attributable to Owners of the Parent

・Retained earnings increased by ¥618.2 billion.
・Other components of equity increased by ¥453.6 billion, mainly due to the following factors:
  - Foreign currency translation adjustments increased by ¥396.8 billion, mainly reflecting the appreciation in the U.S. dollar, Australian dollar, and Brazilian Real against Japanese yen; and
  - Financial assets measured at FVTOCI increased by ¥97.9 billion.
・Treasury stock which is a subtraction item in shareholders' equity increased by ¥17.6 billion, mainly due to the shares buy-back for ¥174.9 billion, despite cancellation of the stock for ¥156.7 billion.

2) Cash Flows

(Billions of Yen)	Current Year	Previous Year	Change
Cash flows from operating activities	806.9	772.7	+34.2
Cash flows from investing activities	(181.2)	(322.5)	+141.3
Free cash flow	625.7	450.2	+175.5
Cash flows from financing activities	(614.3)	(487.0)	(127.3)
Effect of exchange rate changes on cash and cash equivalents etc.	53.3	41.2	+12.1
Change in cash and cash equivalents	64.7	4.4	+60.3

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	806.9	772.7	+34.2
Cash flows from change in working capital	b	(407.4)	56.2	(463.6)
Repayments of lease liabilities	c	(55.6)	(58.4)	+2.8
Core Operating Cash Flow	a-b+c	1,158.7	658.1	+500.6

・Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥407.4 billion of net cash outflow. Repayments of lease liabilities for the current year was ¥55.6 billion of cash outflow. Core Operating Cash Flow, which equaled cash flows from operating activities without both cash flows from changes in working capital and repayments of lease liabilities, for the current year amounted to ¥1,158.7 billion.

- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥554.8 billion, an increase of ¥247.0 billion from ¥307.8 billion for the previous year; and
- Depreciation and amortization for the current year was ¥296.4 billion, an increase of ¥22.8 billion from ¥273.6 billion for the previous year.

The following table shows Core Operating Cash Flow by operating segment.

(Billions of Yen)	Current Year	Previous Year	Change
Mineral & Metal Resources	552.8	308.1	+244.7
Energy	280.2	123.2	+157.0
Machinery & Infrastructure	144.0	78.7	+65.3
Chemicals	93.8	62.5	+31.3
Iron & Steel Products	12.4	2.0	+10.4
Lifestyle	35.2	19.8	+15.4
Innovation & Corporate Development	46.6	55.1	(8.5)
All Other and Adjustments and Eliminations	(6.3)	8.7	(15.0)
Consolidated Total	**1,158.7**	**658.1**	**+500.6**

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 ¥27.1 billion, mainly due to the following factor:
  - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥34.9 billion.

・Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥43.8 billion, mainly due to the following factors:
  - A subscription to convertible bonds of PT CT Corpora, the holding company for CT Corp, for ¥67.0 billion (net amount of ¥100.0 billion for subscription to convertible bonds and ¥33.0 billion from redemption of corporate bonds);
  - Sales resulted into cash inflow in the power generating businesses, mainly in MyPower, for ¥17.8 billion; and
  - A sale of the contract manufacturing businesses of MicroBiopharm Japan Co., Ltd.

・Net cash inflows that corresponded to an increase in loan receivables (net of collections of loan receivables) were ¥50.0 billion, mainly due to loan collection of ¥57.6 billion in the copper business.

・Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥156.6 billion, mainly due to the following factors:
  - An expenditure for iron ore mining operations in Australia for ¥40.9 billion;
  - An expenditure for the oil and gas projects for ¥35.3 billion;
  - An expenditure for coal mining operations in Australia for ¥21.4 billion;
  - An expenditure for power generating businesses for ¥12.2 billion; and
  - An expenditure for chemical related businesses in North America.

・Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥4.5 billion, mainly due to the following factors:
  - An expenditure for construction at Hibiya Fort Tower, redeveloped by Mitsui & Co. Real Estate Ltd., for ¥13.0 billion; and
  - An expenditure for ¥12.3 billion by MBK Real Estate LLC, while there was also sale of multi-family housing properties in the USA by MBK Real Estate LLC for ¥21.9 billion.

Cash Flows from Financing Activities

・Net cash outflow from net change in short-term debt was ¥82.5 billion, net cash outflows from net change in long-term debt was ¥55.0 billion, and cash outflow from repayments of lease liabilities was ¥55.6 billion.

・The cash outflow from the purchases of treasury stock was ¥174.9 billion.

・The cash outflow from payments of cash dividends was ¥148.2 billion.

・The cash outflow from transactions with non-controlling interest shareholders was ¥98.1 billion, mainly due to an additional acquisition of shares in Mitsui Oil Exploration Co., Ltd.

2. Management Policies

(1) Progress with the Medium-term Management Plan

Reference is made to our Presentation Material on Financial Results for the year ended March 31, 2022 "Review of Medium-term Management Plan 2023 and FY Mar/2023 Business Plan -Transform and Grow-" on our web site. Reference is also made to "Medium-term Management Plan 2023 Transform and Grow" released on May 1, 2020.

(2) Forecasts for the Year Ending March 31, 2023

1) Forecasts for the year ending March 31, 2023

[Assumption]	Forecast	Result
Exchange rate (JPY/USD)	120.00	113.04
Crude oil (JCC)	$98/bbl	$77/bbl
Consolidated oil price	$88/bbl	$68/bbl

(Billions of Yen)	March 31, 2023 Forecast	March 31, 2022 Result	Increase / (Decrease)	Description
Gross Profit	1,150.0	1,141.4	+8.6	
Selling, General and Administrative Expenses	(660.0)	(596.3)	(63.7)	New consolidation of affiliates
Gain (Loss) on Investments, Fixed Assets and Other	50.0	19.0	+31.0	Asset recycling
Interest Expenses	(75.0)	(27.3)	(47.7)	Higher interest rate
Dividend Income	135.0	196.5	(61.5)	Lower commodity prices
Profit (Loss) of Equity Method Investments	430.0	431.3	(1.3)	
Profit before Income Taxes	1,030.0	1,164.5	(134.5)	
Income Taxes	(200.0)	(226.8)	+26.8	
Non-Controlling Interests	(30.0)	(23.0)	(7.0)	
Profit for the Year Attributable to Owners of the Parent	800.0	914.7	(114.7)	
Depreciation and Amortization	250.0	296.4	(46.4)	
Core Operating Cash Flow	950.0	1,158.7	(208.7)	

・For further major assumptions in addition to oil prices and USD/JPY and sensitivities, please refer to “2)Key commodity prices and other parameters for the year ending March 31, 2023”.

The profit forecast for the year, attributable to owners of the parent by operating segment compared to the year ended March 31, 2022 is as follows:

(Billions of Yen)	Year ending March 31, 2023	Year ended March 31, 2022	Increase / (Decrease)	Description
Mineral & Metal Resources	330.0	497.6	(167.6)	Iron ore price, dividends
Energy	160.0	114.0	+46.0	Oil and gas prices
Machinery & Infrastructure	160.0	120.8	+39.2	Absence of losses in previous year, Commencement of operations
Chemicals	70.0	68.9	+1.1	
Iron & Steel Products	20.0	26.9	(6.9)	Steel price
Lifestyle	50.0	61.5	(11.5)	Swing back effect of previous year
Innovation & Corporate Development	40.0	57.6	(17.6)	FVTPL profit, commodity derivative trading
Others / Adjustments and Eliminations	(30.0)	(32.6)	+2.6	
Consolidated Total	800.0	914.7	(114.7)	

The forecast for Core Operating Cash Flow by operating segment compared to the year ended March 31, 2022 is as follows:

(Billions of Yen)	Year ending March 31, 2023	Year ended March 31, 2022	Increase / (Decrease)	Description
Mineral & Metal Resources	370.0	552.8	(182.8)	Iron ore price, dividends
Energy	270.0	280.2	(10.2)	Dividends
Machinery & Infrastructure	130.0	144.0	(14.0)	Dividends
Chemicals	90.0	93.8	(3.8)	
Iron & Steel Products	10.0	12.4	(2.4)	
Lifestyle	40.0	35.2	+4.8	
Innovation & Corporate Development	30.0	46.6	(16.6)	FVTPL profit, commodity derivative trading
Others / Adjustments and Eliminations	10.0	(6.3)	+16.3	
Consolidated Total	950.0	1,158.7	(208.7)	

2) Key commodity prices and other parameters for the year ending March 31, 2023

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2023. 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, 2023				March 2023 Assumption		March 2022 Result
Commodity	Crude Oil/JCC		-	98		77
	Consolidated Oil Price (*1)		¥2.2bn (US$1/bbl)	88		68
	U.S. Natural Gas (*2)		¥1.0bn (US$0.1/mmBtu)	4.89		3.72 (*3)
	Iron Ore (*4)		¥2.2bn (US$1/ton)	(*5)		153 (*6)
	Coal	Coking	¥0.5bn (US$1/ton)	(*5)	←	272 (*7)
		Thermal	¥0.1bn (US$1/ton)	(*5)		110 (*7)
	Copper (*8)		¥0.7bn (US$100/ton)	9,150		9,315 (*9)
Forex (*10)	USD		¥4.6bn (¥1/USD)	120.00		113.04
	AUD		¥2.5bn (¥1/AUD)	88.00		83.33
	BRL		¥0.3bn (¥1/BRL)	25.00		21.44

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of the crude oil prices on consolidated results is estimated as the Consolidated Oil Price, which reflects this lag. For the year ending March 2023, we have assumed that there is a 4-6 month lag for approx. 35%, a 1-3 month lag for approx. 60%, and no lag for approx. 5%. The above sensitivities show annual impact of changes in the 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 the year ended March 2022 are the Henry Hub Natural Gas Futures average daily prompt-month closing prices traded on NYMEX during January to December 2021.

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

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

(*6) Iron ore results figures for the year ended March 2022 are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2021 to March 2022.

(*7) Coal results figures for the year ended March 2022 are the quarterly average prices of representative coal brands in Japan (US$/MT).

(*8) 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 2022.

(*9) Copper results figures for the year ended March 2022 are the averages of the LME monthly average cash settlement prices for the period January to December 2021.

(*10) Impact of currency fluctuations on reported profit for the year of overseas subsidiaries and equity accounted investees denominated in their respective functional currencies and the impact of dividend received from major foreign investees. 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 overseas subsidiaries and equity accounted investees where the sales contract is in USD, the impact of currency fluctuations between the USD and the functional currencies (AUD and BRL) and the impact of currency hedging are not included.

(3) 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 current year, we have repurchased our own stock for ¥174.9 billion in total. Additionally, today we announced a new buy-back program, targeting up to ¥100.0 billion of our own shares to be conducted from May 6, 2022 to September 22, 2022. For details, please refer to the "Notification of Stock Repurchase" on our website.

The annual dividend for the year ended March 31, 2022 will be ¥105 per share (an increase of ¥20 from the previous year, including the interim dividend of ¥45 per share).
Also, the annual dividend for the year ending March 31, 2023 will be ¥120 per share (an increase of ¥15 from the year ended March 31, 2022, including the interim dividend of ¥60 per share), taking into consideration the Core Operating Cash Flow and net income (attributable to owners of the parent) in the consolidated financial results, as well as the stability and continuity of dividend payments. We set this amount as the minimum dividend under the current Medium-term management plan.

We will continue to flexibly and strategically allocate funds for investment in growth and additional shareholder returns (additional dividends and share buybacks) according to the business performance during the Medium-term business plan period.

3. Basic Approach on Adoption of Accounting Standards

International Financial Reporting Standards was adopted on our annual securities report under the Financial Instruments and Exchange Act for the year ended March 31, 2014 for the purpose of improving international comparability of financial information as well as enhancement and efficiency of our financial reporting.

4. 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) business investment risks, (2) country risks, (3) risks regarding climate changes, (4) commodity market risks, (5) foreign currency risks, (6) stock price risks of listed stock Mitsui and its subsidiaries hold, (7) credit risks, (8) risks regarding fund procurement, (9) operational risks, (10) risks regarding employee's compliance with laws, regulations, and internal policies, (11) risks regarding information systems and information securities, (12) risks relating to natural disasters, terrorism, violent groups and infectious diseases. 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.

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of Yen)

Assets		
	March 31, 2022	March 31, 2021
Current Assets:		
Cash and cash equivalents	¥ 1,127,868	¥ 1,063,150
Trade and other receivables	2,303,140	1,811,990
Other financial assets	997,862	429,986
Inventories	949,663	615,155
Advance payments to suppliers	183,370	143,714
Other current assets	154,780	143,477
Total current assets	5,716,683	4,207,472
Non-current Assets:		
Investments accounted for using the equity method	3,387,371	3,044,001
Other investments	2,347,414	1,955,607
Trade and other receivables	319,977	305,952
Other financial assets	167,845	141,848
Property, plant and equipment	2,190,902	2,175,072
Investment property	318,570	274,847
Intangible assets	253,039	188,555
Deferred tax assets	100,743	112,055
Other non-current assets	120,746	110,436
Total non-current assets	9,206,607	8,308,373
Total	¥ 14,923,290	¥ 12,515,845

(Millions of Yen)

Liabilities and Equity		
	March 31, 2022	March 31, 2021
Current Liabilities:		
Short-term debt	¥ 281,831	¥ 300,485
Current portion of long-term debt	410,257	450,941
Trade and other payables	1,739,149	1,313,341
Other financial liabilities	1,003,156	371,298
Income tax payables	68,456	58,915
Advances from customers	202,074	123,806
Provisions	48,589	36,909
Other current liabilities	55,114	46,027
Total current liabilities	3,808,626	2,701,722
Non-current Liabilities:		
Long-term debt, less current portion	4,185,375	3,995,311
Other financial liabilities	147,031	116,531
Retirement benefit liabilities	38,045	40,253
Provisions	266,161	261,365
Deferred tax liabilities	653,979	550,776
Other non-current liabilities	28,657	27,000
Total non-current liabilities	5,319,248	4,991,236
Total liabilities	9,127,874	7,692,958
Equity:		
Common stock	342,384	342,080
Capital surplus	376,516	396,238
Retained earnings	4,165,962	3,547,789
Other components of equity	827,441	373,786
Treasury stock	(107,098)	(89,473)
Total equity attributable to owners of the parent	5,605,205	4,570,420
Non-controlling interests	190,211	252,467
Total equity	5,795,416	4,822,887
Total	¥ 14,923,290	¥ 12,515,845

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue:	¥ 11,757,559	¥ 8,010,235
Cost:	(10,616,188)	(7,198,770)
Gross Profit	1,141,371	811,465
Other Income (Expenses):		
Selling, general and administrative expenses	(596,311)	(606,423)
Gain (loss) on securities and other investments-net	8,705	7,888
Impairment reversal (loss) of fixed assets-net	(19,117)	(52,923)
Gain (loss) on disposal or sales of fixed assets-net	14,480	4,646
Other income (expense)-net	14,909	(13,945)
Total other income (expenses)	(577,334)	(660,757)
Finance Income (Costs):		
Interest income	19,999	19,877
Dividend income	196,505	103,655
Interest expense	(47,324)	(51,948)
Total finance income (costs)	169,180	71,584
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	431,263	227,910
Profit before Income Taxes	1,164,480	450,202
Income Taxes	(226,810)	(99,821)
Profit for the Year	¥ 937,670	¥ 350,381
Profit for the Year Attributable to:		
Owners of the parent	¥ 914,722	¥ 335,458
Non-controlling interests	22,948	14,923

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2021
Profit for the Year	¥ 937,670	¥ 350,381
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	163,811	477,184
Remeasurements of defined benefit pension plans	18,946	32,514
Share of other comprehensive income of investments accounted for using the equity method	(19,631)	1,671
Income tax relating to items not reclassified	(55,126)	(119,092)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	103,754	174,725
Cash flow hedges	(69,905)	(831)
Share of other comprehensive income of investments accounted for using the equity method	338,093	86,445
Income tax relating to items that may be reclassified	(6,624)	(6,951)
Total other comprehensive income	473,318	645,665
Comprehensive Income for the Year	¥ 1,410,988	¥ 996,046
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ 1,370,647	¥ 964,652
Non-controlling interests	40,341	31,394

(3) 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, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the year			335,458			335,458	14,923	350,381
Other comprehensive income for the year				629,194		629,194	16,471	645,665
Comprehensive income for the year			335,458	629,194		964,652	31,394	996,046
Transaction with owners:								
Dividends paid to the owners of the parent			(135,476)			(135,476)		(135,476)
Dividends paid to non-controlling interest shareholders							(13,982)	(13,982)
Acquisition of treasury stock					(71,337)	(71,337)		(71,337)
Sales of treasury stock		(125)	(154)		280	1		1
Cancellation of treasury stock			(46,722)		46,722	-		-
Compensation costs related to share-based payment	304	1,771				2,075		2,075
Equity transactions with non-controlling interest shareholders		(8,060)		888		(7,172)	(8,200)	(15,372)
Transfer to retained earnings			32,386	(32,386)		-		-
Balance as at March 31, 2021	¥ 342,080	¥ 396,238	¥ 3,547,789	¥ 373,786	¥ (89,473)	¥ 4,570,420	¥ 252,467	¥ 4,822,887
Profit for the year			914,722			914,722	22,948	937,670
Other comprehensive income for the year				455,925		455,925	17,393	473,318
Comprehensive income for the year			914,722	455,925		1,370,647	40,341	1,410,988
Transaction with owners:								
Dividends paid to the owners of the parent			(148,206)			(148,206)		(148,206)
Dividends paid to non-controlling interest shareholders							(26,260)	(26,260)
Acquisition of treasury stock					(174,918)	(174,918)		(174,918)
Sales of treasury stock		(234)	(336)		571	1		1
Cancellation of treasury stock			(156,722)		156,722	-		-
Compensation costs related to share-based payment	304	1,882				2,186		2,186
Equity transactions with non-controlling interest shareholders		(21,370)		6,445		(14,925)	(76,337)	(91,262)
Transfer to retained earnings			8,715	(8,715)		-		-
Balance as at March 31, 2022	¥ 342,384	¥ 376,516	¥ 4,165,962	¥ 827,441	¥ (107,098)	¥ 5,605,205	¥ 190,211	¥ 5,795,416

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2021
Operating Activities:		
Profit for the year	¥ 937,670	¥ 350,381
Adjustments to reconcile profit for the year to cash flows from operating activities:		
Depreciation and amortization	296,396	273,639
Change in retirement benefit liabilities	6,689	1,884
Loss allowance	20,238	80,640
(Gain) loss on securities and other investments-net	(8,705)	(7,888)
(Gain) loss on loans measured at FVTPL	-	21,657
Impairment (reversal) loss of fixed assets-net	19,117	52,923
(Gain) loss on disposal or sales of fixed assets-net	(14,480)	(4,646)
Interest income, dividend income and interest expense	(199,875)	(98,442)
Income taxes	226,810	99,821
Share of (profit) loss of investments accounted for using the equity method	(431,263)	(227,910)
Valuation (gain) loss related to contingent considerations and others	(4,624)	(6,694)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(416,102)	(40,799)
Change in inventories	(291,352)	(34,116)
Change in trade and other payables	369,080	139,474
Other-net	(69,024)	(8,381)
Interest received	50,824	52,702
Interest paid	(49,278)	(59,904)
Dividends received	554,764	307,838
Income taxes paid	(189,989)	(119,483)
Cash flows from operating activities	806,896	772,696
Investing Activities:		
Net change in time deposits	794	(30,080)
Net change in investments in equity accounted investees	(27,067)	(56,518)
Net change in other investments	(43,761)	9,462
Net change in loan receivables	50,005	14,184
Net change in property, plant and equipment	(156,636)	(206,404)
Net change in investment property	(4,526)	(53,118)
Cash flows from investing activities	(181,191)	(322,474)
Financing Activities:		
Net change in short-term debt	(82,522)	(26,527)
Net change in long-term debt	(54,976)	(177,035)
Repayments of lease liabilities	(55,630)	(58,380)
Purchases and sales of treasury stock	(174,915)	(71,337)
Dividends paid	(148,206)	(135,476)
Transactions with non-controlling interest shareholders	(98,076)	(18,208)
Cash flows from financing activities	(614,325)	(486,963)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	53,338	41,158
Change in Cash and Cash Equivalents	64,718	4,417
Cash and Cash Equivalents at Beginning of Year	1,063,150	1,058,733
Cash and Cash Equivalents at End of Year	¥ 1,127,868	¥ 1,063,150

"Interest income, dividend income and interest expense", "Interest received", "Interest paid" and "Dividends received" of Consolidated Statements of Cash Flows include not only interest income, dividend income and interest expense that are included in "Finance Income (Costs)" of 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) Basis of Consolidated Financial Statements

Scope of subsidiaries and equity accounted investees

① Subsidiaries

1) Overseas	201
2) Japan	78

② Equity accounted investees (associated companies and joint ventures)

1) Overseas	182
2) Japan	48

A total of 521 subsidiaries and equity accounted investees are excluded from the above. These include companies which are sub-consolidated or accounted for under the equity method by subsidiaries other than trading subsidiaries.

(7) Changes in Accounting Estimates

The significant changes in accounting estimates in the Consolidated Financial Statements for the year ended March 31, 2022 are as follows.

Impairment loss related to selling the entire interest in MT Falcon Holdings

Mitsui & Co., Ltd. recognized an impairment loss of ¥9,749 million in the Machinery & Infrastructure segment, with the conclusion of the sale and purchase agreement to sell its entire interest in MT Falcon Holdings S.A.P.I.de C.V., an equity accounted investee which owns and operates gas combined-cycle power plants and a gas-pipeline in Mexico. The impairment loss for the related investment accounted for using the equity method is recorded in "Gain (loss) on securities and other investments – net" in the Consolidated Statements of Income.

Changes in accounting estimates related to the Russian LNG business are described in (8) Note to Consolidated Financial Statements ⑥Impact of the Ukraine situation on the Russian LNG business.

(8) Notes to Consolidated Financial Statements

① Segment Information

Year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	Others/ Adjustments and Eliminations	Consolidated Total
Revenue	1,900,653	2,597,392	856,603	2,861,701	615,076	2,700,478	223,665	11,755,568	1,991	11,757,559
Gross Profit	392,469	145,414	142,931	182,984	35,492	142,965	97,743	1,139,998	1,373	1,141,371
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	145,312	32,347	146,029	20,714	26,020	41,087	19,745	431,254	9	431,263
Profit for the Year Attributable to Owners of the Parent	497,579	114,017	120,808	68,941	26,889	61,498	57,591	947,323	(32,601)	914,722
Core Operating Cash Flow	552,789	280,178	143,974	93,764	12,416	35,161	46,591	1,164,873	(6,209)	1,158,664
Total Assets at March 31, 2022	3,180,197	2,960,412	2,684,478	1,692,949	691,630	2,428,573	1,729,006	15,367,245	(443,955)	14,923,290

Year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	Others/ Adjustments and Eliminations	Consolidated Total
Revenue	1,396,902	838,598	792,200	1,933,795	436,579	2,373,082	236,120	8,007,276	2,959	8,010,235
Gross Profit	251,150	62,887	107,729	124,904	21,184	133,782	107,001	808,637	2,828	811,465
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	70,390	18,820	95,268	11,304	4,309	13,445	13,883	227,419	491	227,910
Profit for the Year Attributable to Owners of the Parent	179,917	27,161	45,935	43,520	2,119	12,724	50,161	361,537	(26,079)	335,458
Core Operating Cash Flow	308,146	123,156	78,700	62,513	2,030	19,776	55,147	649,468	8,670	658,138
Total Assets at March 31, 2021	2,566,491	2,566,305	2,291,278	1,345,469	566,020	2,009,315	1,191,842	12,536,720	(20,875)	12,515,845

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, 2021 and March 31, 2022 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 ¥7,202,925 million and ¥7,647,360 million, respectively.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit for the Year 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, 2021 and March 31, 2022 includes elimination of receivables and payables between segments amounting to ¥7,223,800 million and ¥8,091,315 million, respectively.
5. Core Operating Cash Flow is calculated by deducting the total of the “Changes in Operating Assets and Liabilities” from the “Cash Flows from Operating Activities”, and further deducting the “Repayments of lease liabilities” in the “Cash Flows from Financing Activities” from it, in the Consolidated Statements of Cash Flows.
6. The description order of reporting segments has been changed in the segment information since the year ended March 31, 2022 and this change also applies for the year ended March 31, 2021.

② Earnings per share

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the years ended March 31, 2022 and 2021:

Year ended March 31, 2022(from April 1, 2021 to March 31, 2022)

	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen
Basic Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent	914,722	1,628,744	561.61
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(1)	—	
Stock options	—	667	
Diluted Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent after effect of dilutive securities	914,721	1,629,411	561.38

Year ended March 31, 2021(from April 1, 2020 to March 31, 2021)

	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen
Basic Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent	335,458	1,683,338	199.28
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(1)	—	
Stock options	—	836	
Diluted Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent after effect of dilutive securities	335,457	1,684,174	199.18

③ Subsequent Events

Acquisition of Shares in Aker Mainstream Renewables AS
Shamrock Investment International AS, a subsidiary in the Machinery & Infrastructure Segment, has decided to invest in Mainstream Renewable Power Limited, a renewable energy company. The Company completed payment on April 7, 2022 based on the share subscription agreement of EUR 575 million (¥77,568 million*) with Aker Mainstream Renewables AS, a holding company of Mainstream Renewable Power Limited.
As a result, the Company acquired 27.5% of shares in Aker Mainstream Renewables AS and the investment in Aker Mainstream Renewables AS is expected to be accounted for using the equity method.
(*) Yen amounts are converted using TTM (1EUR = ¥134.9) as of April 7, 2022.

Stock Repurchase
At the meeting of the Board of Directors held on May 2, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan. Details of the repurchase are as follows.

1. Purpose of stock repurchase
   To enhance shareholder return and to improve capital efficiency

2. Details of repurchase
   (1) Class of share
      Common stock of the Company
   (2) Total number of shares of common stock to be repurchased
      Up to 50 million shares（3.1% of the total number of shares outstanding excluding treasury stock）
   (3) Total amount
      Up to ¥100,000 million
   (4) Period
      From May 6, 2022 to September 22, 2022
   (5) Repurchase method
      Auction market on Tokyo Stock Exchange

④ 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 year ended March 31, 2021 and 2022, and the outstanding balance of related provision as of March 31, 2022 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.

⑤ Impact of the Security Situation in Northern Mozambique on LNG Project

The Company participates in the Mozambique LNG Project through Mitsui E&P Mozambique Area 1 Limited, its joint venture in the Energy Segment. In April 2021, all project personnel evacuated the project site due to the deteriorating security situation in northern Mozambique where the project site is located, and April 26, 2021, the project operator, TotalEnergies SE of France, announced that it had declared force majeure under the Joint Operating Agreement.
While the prospect of this project is still under examination, the company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

⑥ Impact of the Ukraine situation on the Russian LNG business

The Russian LNG business in which the Company and its subsidiary, and the equity accounted investee in the Energy Segment have invested, financed and guaranteed, is affected by the Ukraine situation since February 2022 and the resulting sanctions against Russia, etc. Based on discussions with each partner, the Company has evaluated its relevant assets and liabilities.
In the current fiscal year, the fair value of other investments related to Sakhalin II operations held by Mitsui Sakhalin Holdings B.V., a subsidiary of the Company, decreased by ¥44,143 million from the balance at December 31, 2021, mainly due to the reassessment of the discount rate in connection with the downgrade of the Russian government credit rating, and the valuation difference is recorded in “Financial assets measured at FVTOCI” in the Consolidated Statement of Comprehensive Income.
In addition, the carrying amount of the investment in Japan Arctic LNG B.V., an associated company that invests in and finances the Arctic LNG 2 Project, decreased from the balance at December 31, 2021 due to the revaluation of the assets value held by Japan Arctic LNG B.V. in connection with the downgrade of the Russian government credit rating. The Company recorded a loss of ¥4,626 million in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” in the Consolidated Statement of Income and a loss of ¥36,415 million in “Share of other comprehensive income of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income. Further, with regard to loans and financial guarantees to the project, the Company estimated the additional losses due to the downgrading of the credit rating in Russia and recorded a provision for loss valuation allowance of ¥4,081 million in “Selling, general and administrative expenses” in the Consolidated Statements of Income and ¥12,171 million in “Other income (expense) - net” in the Consolidated Statements of Income.
The Russian LNG project-related balances of investment and loans(*), and financial guarantees as contingent liabilities, were ¥222,528 million and ¥182,160 million respectively at the end of the current fiscal year. The provision for loss on guarantees is included in “Other financial liabilities” ¥18,097 million.
These estimates may be affected by uncertain future developments in Russia and Ukraine, and any further changes in the credit ratings of Russian government. Also any changes in the Company's policies regarding its Russian LNG business may have a significant impact on the amounts of related investments, loans and guarantees in the consolidated financial statements for the next fiscal year.
(*) Investments and loans are the sum of “Other investments”, “Investments accounted for using the equity method”, and loans (net of loss valuation allowance) included in “Trade and other receivables” in the Consolidated Statements of Financial Position.