

Consolidated Financial Results for the Year Ended March 31, 2023 [IFRS]

Tokyo, May 2, 2023 - Mitsui & Co., Ltd. announced its consolidated financial results for the year ended March 31, 2023, based on International Financial Reporting Standards (“IFRS”).

Mitsui & Co., Ltd. and subsidiaries

(Website : <https://www.mitsui.com/jp/en/>)

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1. Consolidated financial results

(1) Consolidated operating results information for the year ended March 31, 2023

(from April 1, 2022 to March 31, 2023)

		Years ended March 31,			
		2023		2022	
			%		%
Revenue	Millions of Yen	14,306,402	21.7	11,757,559	46.8
Profit before Income Taxes	Millions of Yen	1,395,295	19.8	1,164,480	158.7
Profit for the Year	Millions of Yen	1,154,627	23.1	937,670	167.6
Profit for the Year Attributable to Owners of the Parent	Millions of Yen	1,130,630	23.6	914,722	172.7
Comprehensive Income for the Year	Millions of Yen	1,250,890	(11.3)	1,410,988	41.7
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	721.82		561.61	
Earnings per Share Attributable to Owners of the Parent, Diluted	Yen	721.41		561.38	
Profit Ratio to Equity Attributable to Owners of the Parent	%	18.9		18.0	
Profit before Income Taxes to Total Assets	%	9.2		8.5	

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, 2023 and 2022 were ¥555,526 million and ¥431,263 million, respectively.

(2) Consolidated financial position information

		March 31, 2023	March 31, 2022
Total Assets	Millions of Yen	15,380,916	14,923,290
Total Equity	Millions of Yen	6,565,148	5,795,416
Total Equity Attributable to Owners of the Parent	Millions of Yen	6,367,750	5,605,205
Equity Attributable to Owners of the Parent Ratio	%	41.4	37.6
Equity per Share Attributable to Owners of the Parent	Yen	4,177.49	3,501.21

(3) Consolidated cash flow information

		Years ended March 31,	
		2023	2022
Operating Activities	Millions of Yen	1,047,537	806,896
Investing Activities	Millions of Yen	(178,341)	(181,191)
Financing Activities	Millions of Yen	(634,685)	(614,325)
Cash and Cash Equivalents at the End of Year	Millions of Yen	1,390,130	1,127,868

2. Dividend information

		Years ended March 31,		Year ending March 31, 2024 (Forecast)
		2023	2022	
Interim dividend per share	Yen	65	45	75
Year-end dividend per share	Yen	75	60	75
Annual dividend per share	Yen	140	105	150
Annual dividend (total)	Millions of Yen	216,879	169,586	
Consolidated dividend payout ratio	%	19.4	18.7	25.7
Consolidated dividend on equity attributable to owners of the parent	%	3.6	3.4	

Note:

For the dividend policy, please refer to p.25 “(3) Profit Distribution Policy.”

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, 2023 and 2022 were ¥529 million and ¥405 million, respectively.

3. Forecast of consolidated operating results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

		Year ending March 31, 2024
Profit Attributable to Owners of the Parent	Millions of Yen	880,000
Earnings per Share Attributable to Owners of the Parent, Basic	Yen	582.79

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.33 “5. Consolidated Financial Statements (7) Changes in Accounting Estimates.”

(3) Number of shares :

	March 31, 2023	March 31, 2022
Number of shares of common stock issued, including treasury stock	1,544,660,544	1,642,355,644
Number of shares of treasury stock	20,361,049	41,423,291

	Year ended March 31, 2023	Year ended March 31, 2022
Average number of shares of common stock outstanding	1,566,366,553	1,628,744,153

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, 2024” on p.22. For cautionary notes with respect to forward-looking statements, please refer to the “Notice” section on p.26.

Supplementary materials and IR meetings on financial results:

Supplementary materials on financial results can be found on our website. We will hold IR meetings for analysts and institutional investors on financial results on May 2, 2023, and on the new Medium-term Management Plan on May 9, 2023.

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

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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,” “Mitsui & Co. group” 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, 2023, the global economy slowed compared to the previous year due to rising inflation and rapid monetary tightening, mainly in the US, Europe and other developed countries, the ripple effects from the Russia-Ukraine situation, and the impact of turmoil in the Chinese economy stemming from the zero-COVID policy in China. In addition, new risk factors emerged at the end of the fiscal year, such as the collapse of regional financial institutions in the US.

In the US, although consumer spending generally continued to recover backed by a strong employment situation and other factors despite continued high inflation, the rapid monetary tightening led to a decline in housing investment and sluggish growth in capital investment, resulting in a slowdown in the economy. Looking ahead, the economy is expected to slow further due to monetary tightening and the impact from the collapse of regional financial institutions. In Europe, the economy weakened due to supply constraints in energy, caused by the Russia-Ukraine situation, as well as due to a rise in prices and other factors. Looking ahead, the economy is expected to stall due to continued high inflation and monetary tightening. In Japan, service consumption and inbound demand began to recover amid the ongoing normalization of economic activity, but the pickup was slow due to refrained goods consumption and sluggish exports in the face of rising prices. Looking ahead, the economy is expected to maintain a moderate recovery trend, partly due to the trend of wage hikes exceeding the previous year’s increase and policy support. In China, the economy slowed further last year due to the impact of the zero-COVID policy and the deterioration of the real estate market, but with the lifting of the zero-COVID policy at the end of last year, domestic demand, including consumption of services, showed signs of picking up. Looking ahead, the economy is expected to pick up gradually, partly due to policy support such as lowering of the reserve ratio. In Brazil, the economy is expected to slow down due to the monetary tightening done up until last year and other factors. In Russia, economic activity is expected to remain stagnant due to economic sanctions imposed by the international community.

Looking ahead, although there are expectations for a recovery in China, the global economy is expected to remain in a slowdown phase overall due to high inflation and continued monetary tightening in the US, Europe, and other developed countries, as well as concerns about the financial system, while the effects of the situation in Russia and Ukraine are expected to linger.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year	Change
Revenue		14,306.4	11,757.6	+2,548.8
Gross Profit		1,396.2	1,141.4	+254.8
Selling, General and Administrative Expenses		(702.8)	(596.3)	(106.5)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	59.5	8.7	+50.8
	Impairment Reversal (Loss) of Fixed Assets—Net	(30.0)	(19.1)	(10.9)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	19.4	14.5	+4.9
	Other Income (Expense)—Net	9.2	14.9	(5.7)
Finance Income (Costs)	Interest Income	47.8	20.0	+27.8
	Dividend Income	154.9	196.5	(41.6)
	Interest Expense	(114.6)	(47.3)	(67.3)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		555.5	431.3	+124.2
Income Taxes		(240.7)	(226.8)	(13.9)
Profit for the Year		1,154.6	937.7	+216.9
Profit for the Year Attributable to Owners of the Parent		1,130.6	914.7	+215.9

* 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, 2023 (“current year”) was ¥14,306.4 billion, an increase of ¥2,548.8 billion from ¥11,757.6 billion for the year ended March 31, 2022 (“previous year”). The increase was mainly in the Energy Segment and the Lifestyle Segment.

Gross Profit

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

Selling, General and Administrative Expenses

Mainly the Machinery & Infrastructure Segment and the Chemicals Segment recorded an increase in expenses. The table provides a breakdown.

	Billions of Yen		
	Current Year	Previous Year	Change*
Personnel	¥ (384.0)	¥ (333.6)	¥ (50.4)
Welfare	(13.4)	(11.8)	(1.6)
Travel	(25.2)	(10.6)	(14.6)
Entertainment	(6.4)	(3.2)	(3.2)
Communication	(55.3)	(48.6)	(6.7)
Rent	(11.7)	(9.0)	(2.7)
Depreciation	(41.2)	(35.0)	(6.2)
Fees and Taxes	(17.3)	(12.9)	(4.4)
Loss Allowance	(18.9)	(20.2)	+1.3
Others	(129.4)	(111.4)	(18.0)
Total	¥ (702.8)	¥ (596.3)	¥ (106.5)

*Negative amounts in the “Change” column displayed in parentheses represent an increase in expenses.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current year, a gain on securities was recorded mainly in the Mineral & Metal Resources Segment and Innovation & Corporate Development Segment, while an impairment loss was recorded in the Machinery & Infrastructure Segment.

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

Impairment Reversal (Loss) of Fixed Assets—Net

For the current year, mainly the Machinery & Infrastructure Segment recorded impairment losses on fixed assets.

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

Gain (Loss) on Disposal or Sales of Fixed Assets—Net

For the current and previous years, mainly the Innovation & Corporate Development Segment recorded gains on sales of fixed assets.

Other Income (Expense)—Net

For the current and previous years, the Energy Segment recorded a provision, while the Lifestyle Segment recorded a valuation profit of a put option, and the Chemicals Segment recorded insurance proceeds.

Finance Income (Costs)

Dividend Income

Mainly the Mineral & Metal Resources Segment recorded a decrease.

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

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

Income Taxes

Income taxes for the current year were ¥240.7 billion, an increase of ¥13.9 billion from ¥226.8 billion for the previous year.

The effective tax rate for the current year was 17.2%, a decrease of 2.3 points from 19.5% for the previous year.

The effective tax rate decreased due to the tax effect of a portion of equity method profit - which increased, not being recognized, and other factors.

Profit for the Year Attributable to Owners of the Parent

As a result, profit for the year attributable to owners of the parent was ¥1,130.6 billion, an increase of ¥215.9 billion from the previous year.

2) Operating Results by Operating Segment

The fluctuation analysis for the results by operating segment is as follows.

Note, "Others" includes income taxes, but generally, the impact of income taxes are not included in the explanations in the "Description" column relation to each account title.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	438.8	497.6	(58.8)	
Gross Profit	355.8	392.5	(36.7)	<ul style="list-style-type: none"> ● Iron ore mining operations in Australia -60.2 (lower prices) ● Coal mining operations in Australia +20.2 (higher prices)
Profit (Loss) of Equity Method Investments	127.6	145.3	(17.7)	<ul style="list-style-type: none"> ● Iron ore mining operations in Australia -12.2 (lower prices) ● Oriente Copper Netherlands*¹ -8.8 (lower prices) ● Japan Collahuasi Resources*² -8.7 (lower prices) ● Inner Mongolia Erdos Electric Power & Metallurgical -3.2 (lower prices in ferroalloys and chemicals businesses) ● Increase in coal mining operations in Australia (higher prices)
Dividend Income	74.3	124.3	(50.0)	<ul style="list-style-type: none"> ● Lower dividend from Vale and iron ore mining operations in Australia
Selling, General and Administrative Expenses	(33.4)	(30.2)	(3.2)	
Others	(85.5)	(134.3)	+48.8	<ul style="list-style-type: none"> ● Gain on sale of Stanmore SMC +36.7 ● Increase due to copper price hedge transactions ● Japan Collahuasi Resources -6.2 (absence of a deferred tax liability reversal in the previous year*³)

*1 An investor in Inversiones Mineras Becrux, which invests in Anglo American Sur, a copper mining company in Chile.

*2 An investor in Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile.

*3 A deferred tax liability reversal related to the restructuring of Japan Collahuasi Resources.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	309.4	114.0	+195.4	
Gross Profit	316.4	145.4	+171.0	<ul style="list-style-type: none"> ● Increase in LNG Trading ● Mitsui E&P USA +41.3 (higher gas prices) ● Mitsui E&P Australia +35.1 (higher oil prices) ● Mitsui E&P Italia B +14.4 (cost improvements) ● Mitsui E&P Middle East +10.8 (higher oil prices) ● MEP Texas Holdings +9.6 (higher oil and gas prices) ● MOEX North America +7.2 (higher oil prices) ● Decrease in fuel supply related business -7.7
Profit (Loss) of Equity Method Investments	108.5	32.3	+76.2	<ul style="list-style-type: none"> ● Increase in Japan Australia LNG (MIMI) (higher oil and gas prices) ● Japan Arctic LNG +10.2 (oil price and foreign exchange valuation profit) ● Mitsui & Co. LNG Investment USA+5.2 (increase in volume) ● Mitsui Oil Exploration +3.1 (changes to lease accounting, other factors) ● Mitsui E&P Mozambique Area 1 -3.5 (recorded provision on a financial asset)
Dividend Income	58.7	53.6	+5.1	● 4 LNG projects* ¹ +3.9 (current year +56.7, previous year +52.8)
Selling, General and Administrative Expenses	(57.9)	(53.1)	(4.8)	● Absence of provision loss in relation to valuation allowance of a loan for Japan Arctic LNG recorded in the previous year +4.5

Others	(116.3)	(64.2)	(52.1)	<ul style="list-style-type: none"> ● Mitsui Oil Exploration -13.6 (recorded provision) ● Mitsui E&P Australia -8.8 (recorded provision) ● Impairment loss in biomass power generation business -3.3 ● Absence of provision loss in relation to valuation allowance of a guarantee for Arctic LNG2 project guarantees recorded in previous year, other factors +12.4 ● Foreign exchange hedge related profit in fuel supply business, other factors +6.4 ● Absence of valuation loss*² in Mitsui Oil Exploration Block M-3 exploration project in previous year +4.6
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*1 Sakhalin II, Abu Dhabi, Oman and Qatargas 3. Includes Qatargas 1 for which interest expired during the previous year.

*2 For the previous year, Mitsui Oil Exploration recorded 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 reserve for an overseas investment loss.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	171.9	120.8	+51.1	
Gross Profit	199.9	142.9	+57.0	<ul style="list-style-type: none"> ● Construction & industrial machinery businesses+12.4 (good sales performance) ● Inversiones Mitta consolidation +7.7 ● Bussan Auto Finance +7.7 (increase in interest income due to an accumulation of operating assets) ● Position Partners consolidation +5.1 ● Hino Mexico +3.7 (good sales performance)
Profit (Loss) of Equity Method Investments	197.3	146.0	+51.3	<ul style="list-style-type: none"> ● MBK USA Commercial Vehicles +18.9 (good performance of truck leasing and rental business) ● Tanker owning company (increase in vessel related revenue) ● Penske Automotive Group +9.1 (good sales performance) ● FPSO +7.8 (increase due to MV30/31 operations starting) ● Canadian automobile company (increase in unit sales, decrease in sales promotion expenses) ● Gas distribution business +6.4 (steady gas demand) ● VLI -6.5 (impairment loss of fixed assets, other factors*¹ -8.6) ● IPP -13.1 (impairment loss of Hezhou project in China*² -6.5, weak performance at Mainstream's projects in Chile, weak performance in Ontario, Canada, impact of steep rise in electricity and gas prices in Australia, increase due to a portion of Thai business becoming operational)
Dividend Income	4.2	4.1	+0.1	
Selling, General and Administrative Expenses	(163.6)	(127.7)	(35.9)	<ul style="list-style-type: none"> ● Position Partners consolidation -5.1 ● Bussan Auto Finance -3.6 (increase of provisions due to an accumulation of operating assets)

Others	(65.9)	(44.5)	(21.4)	<ul style="list-style-type: none"> ● Fixed assets valuation loss in Brazilian passenger railway business ^{*3} -15.1 ● MT Falcon impairment loss ^{*4} current year: -3.1, previous year: -9.7 ● Decrease in corporate income tax burden resulting from the sale of Lucid Group shares +7.2 ^{*5}
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*1 VLI recorded a fixed assets impairment loss of ¥6.7 billion and a reversal of deferred tax assets of ¥1.9 billion due to the reassessment of a recoverable amount of some assets related to a Brazilian freight railway concession.

*2 An equity method loss of ¥6.5 billion was recorded due to the reassessment of a recoverable amount of assets of Hezhou Power Plant Project.

*3 A fixed assets impairment loss was recorded based on the latest estimation regarding the decrease in revenue and the increased discount rate for the passenger railway business in Brazil.

*4 For the current year, an impairment loss of ¥3.1 billion was recorded, based on the conclusion of a sale and purchase agreement for the shares of MT Falcon Holdings. For the previous year, an impairment loss of ¥9.7 billion was recorded, based on the conclusion of a sale and purchase agreement for the shares of MT Falcon Holdings.

*5 The corporate income tax burden was reduced due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets in Lucid Group shares measured at FVTOCI.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	70.9	68.9	+2.0	
Gross Profit	209.3	183.0	+26.3	<ul style="list-style-type: none"> ● Mitsui AgriScience International*¹ +6.4 (strong crop protection demand) ● Increase in fertilizer related trading (higher prices) ● Intercontinental Terminals Company +3.3 (good performance) ● MMTX -6.8 (higher raw material prices, lower sales prices)
Profit (Loss) of Equity Method Investments	27.4	20.7	+6.7	● MVM Resources +5.1 (higher phosphate ore prices)
Dividend Income	3.8	3.3	+0.5	
Selling, General and Administrative Expenses	(137.4)	(112.8)	(24.6)	● Mitsui AgriScience International* ¹ -4.7 (costs related to business integration)
Others	(32.2)	(25.3)	(6.9)	● Intercontinental Terminals Company incident * ²

*1 Due to a merger, the combined total of Mitsui AgriScience International and its affiliate Certis Belchim have been used for figures for the previous year.

*2 Insurance proceeds and costs were recorded in Intercontinental Terminals Company both for the current year and previous year. (Current year: ¥7.3 billion of profit)

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	22.5	26.9	(4.4)	
Gross Profit	40.7	35.5	+5.2	<ul style="list-style-type: none"> ● Mitsui & Co. Steel +4.3 (good trading performance in first half) ● Overseas trading subsidiary -3.7 (lower prices)
Profit (Loss) of Equity Method Investments	24.7	26.0	(1.3)	● NuMit* ¹ -4.6 (inventory valuation loss, lower prices)
Dividend Income	3.0	1.7	+1.3	
Selling, General and Administrative Expenses	(27.6)	(23.6)	(4.0)	
Others	(18.3)	(12.7)	(5.6)	

*1 An investment company of Steel Technologies.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	54.8	61.5	(6.7)	
Gross Profit	153.7	143.0	+10.7	<ul style="list-style-type: none"> ● Good performance in grain trading +5.8 ● Foreign exchange impact in coffee trading business +4.9 ● Foreign exchange impact in MITSUI & CO. COFFEE TRADING (Brazil) +3.5 ● Fair value valuation loss of drug discovery support fund*¹ -6.1
Profit (Loss) of Equity Method Investments	50.7	41.1	+9.6	<ul style="list-style-type: none"> ● IHH Healthcare +8.5 (good performance in the hospital business and asset recycling, etc.) ● WILSEY FOODS +5.5 (good performance at Ventura Foods, a manufacturer of processed oil food) ● PHC Holdings deconsolidation*² -4.3
Dividend Income	6.2	5.6	+0.6	
Selling, General and Administrative Expenses	(142.0)	(130.7)	(11.3)	
Others	(13.8)	2.5	(16.3)	<ul style="list-style-type: none"> ● Absence of valuation gain of Mitsui Bussan I-Fashion recorded in the previous year -10.7 ● Absence of PHC Holdings securities related profit recorded in the previous year -8.9 ● Foreign exchange hedging loss in coffee trading -4.5 ● Decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI*³ +12.2 ● Multigrain related tax refund +5.0 ● Put option related to JSC R-Pharm*⁴ current year +6.5, previous year -6.2

*1 Valuation loss of a drug investment from a drug discovery support fund made through MBK Pharma Partnering.

*2 Absence of equity method profit recorded in the previous year following the deconsolidation of PHC Holdings.

*3 The corporate income tax burden was reduced due to tax expenses being recognized as other comprehensive income resulting from the sale of financial assets measured at FVTOCI.

*4 A valuation gain was recorded for a put option in relation to JSC R-Pharm.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Year	Previous Year	Change	Description
Profit for the Year Attributable to Owners of the Parent	66.7	57.6	+9.1	
Gross Profit	112.6	97.7	+14.9	<ul style="list-style-type: none"> ● Mitsui Bussan Commodities +15.3 (good performance of commodity derivative trading) ● Absence of sale of shares in Wise in the previous year -3.5
Profit (Loss) of Equity Method Investments	18.9	19.7	(0.8)	<ul style="list-style-type: none"> ● Peterson Ventures Partners -4.4 (fall in fair value of shares)
Dividend Income	3.8	2.8	+1.0	
Selling, General and Administrative Expenses	(82.7)	(67.8)	(14.9)	<ul style="list-style-type: none"> ● Mitsui Bussan Commodities -6.4
Others	14.1	5.2	+8.9	<ul style="list-style-type: none"> ● Gain on sale of real estate business in Singapore*¹ ● Gain on sale of part of Hibiya Fort Tower +5.9 ● Gain on sale of investment securities +4.0 ● Gain on sale of real estate in the US*² +3.6 ● Absence of gain on sale of land recorded in the previous year -5.1

*1 A gain on sale of Southernwood Property, an investment vehicle that owns an office building in Singapore.

*2 Fixed asset sale of multiple property sales in the US.

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

The Russian LNG business in which we participate, is affected by the Russia-Ukraine situation. Based on discussions with each partner, we have evaluated its relevant assets and liabilities.

In relation to the investment in the Sakhalin II project, we undertook the ownership of Sakhalin Energy LLC (“SELLC”) on September 2, 2022, which was established based on Russian Presidential Decree (No.416) dated June 30, 2022, and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369), through MIT SEL Investment, a newly established subsidiary. Consequently, we continue to invest in the Sakhalin II project and the reorganization does not materially impact the Consolidated Financial Statements. As of March 31, 2023, the situation still remains uncertain as the final LLC members composition is not yet decided, the LLC members agreement is not signed, etc.

Based on the current situation, the fair value was measured using the income approach by expected present value technique with the probability-weighted average considering a scenario where the continuous dividend income is predicted through an investment in SELLC and other scenarios. As a result, the investment balance in Sakhalin II project as of March 31, 2023 was ¥98.5 billion. Also, in the year ended March 31, 2023, a decrease of ¥126.0 billion in the fair value of the investment was recorded in Other Comprehensive Income. While the decision on the new LLC member has been acknowledged by Order of the Government of the Russian Federation dated April 11, 2023 (No.890), the Company has concluded there is no impact on the above fair value. The fair value may increase or decrease due to further changes in situation hereafter.

The Company did not recognize any significant profit and loss or Other Comprehensive Income in the current year with respect to the Arctic LNG2 project. The balance of the investments, loans and guarantees related to the Arctic LNG2 project was ¥239.2 billion (¥15.8 billion in investments and loans and ¥223.4 billion in guarantees) as of March 31, 2023. In addition, a provision for loss on guarantees of ¥18.2 billion has been recorded. For further details, please refer to “5. Consolidated Financial Statements (8) Notes to Consolidated Financial Statements ⑥ Impact of the Russia-Ukraine Situation on the Russian LNG Business”.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	March 31, 2023	March 31, 2022	Change
Total Assets	15,380.9	14,923.3	+457.6
Current Assets	5,674.8	5,716.7	(41.9)
Non-current Assets	9,706.1	9,206.6	+499.5
Current Liabilities	3,766.6	3,808.6	(42.0)
Non-current Liabilities	5,049.1	5,319.2	(270.1)
<i>Net Interest-bearing Debt</i>	<i>3,212.7</i>	<i>3,338.9</i>	<i>(126.2)</i>
Total Equity Attributable to Owners of the Parent	6,367.8	5,605.2	+762.6
Net Debt-to-Equity Ratio (times)	0.50	0.60	(0.10)

Assets

Current Assets:

(Billions of Yen)	March 31, 2023	March 31, 2022	Change	Description
Current Assets	5,674.8	5,716.7	(41.9)	
Cash and cash equivalents	1,390.1	1,127.9	+262.2	
Trade and other receivables	2,191.2	2,303.1	(111.9)	<ul style="list-style-type: none"> • Trade receivables -164.5 (EN*¹) Market fluctuation, decrease in trading volume • Loan receivables +57.4 (MI*¹) Increase in the current portion of long-term loan receivables
Other financial assets	773.0	997.9	(224.9)	<ul style="list-style-type: none"> • (IC*¹, LI*¹) Market fluctuation, decrease in derivative assets • (EN*¹) Market fluctuation, decrease in trading volume
Inventories	940.5	949.7	(9.2)	
Advance payments to suppliers	226.7	183.4	+43.3	• (MI* ¹) Increase in trading volume
Other Current assets	153.3	154.7	(1.4)	

*1 EN: Energy Segment, MI: Machinery & Infrastructure Segment, IC: Innovation & Corporate Development Segment, LI: Lifestyle Segment

Non-current Assets:

(Billions of Yen)	March 31, 2023	March 31, 2022	Change	Description
Non-current Assets	9,706.1	9,206.6	+499.5	
Investments accounted for using the equity method	3,929.6	3,387.4	+542.2	<ul style="list-style-type: none"> ● Investments accounted for using the equity method +555.5 ● Foreign exchange fluctuations +216.2 ● Investment in the holding company of Mainstream Renewable Power +79.8 ● Investment in Climate Friendly ● Investment in Ouro Fino Saúde Animal ● Investment in FPSO (Libra MV31) +15.7 ● Investment in New Forests ● Investment in Mitsui E&P Mozambique Area 1 +10.6 ● Dividends from equity accounted investees -425.9 ● Sale of Stanmore SMC -15.1 (Sale -29.6, change in period +14.5) ● Sale of Southernwood Property -10.7
Other investments	2,134.1	2,347.4	(213.3)	<ul style="list-style-type: none"> ● Fair value of FVTOCI financial assets -246.8 (including -126.0 from equity interest in Sakhalin II project) ● (LI*¹) Sale of FVTOCI financial assets -42.5 ● Sale of shares in Lucid Group -25.1 ● Foreign exchange fluctuations +41.0 ● Investment in a large-scale renewable energy project in India
Trade and other receivables	320.0	320.0	0	
Other financial assets	208.0	167.8	+40.2	<ul style="list-style-type: none"> ● (MI*¹) Increase in trading volume
Property, plant and equipment	2,300.6	2,190.9	+109.7	<ul style="list-style-type: none"> ● Oil and gas projects +48.8 (including foreign exchange fluctuations +7.6) ● MITSUI FOODS new logistics center +33.4 ● Intercontinental Terminals Company +11.0 (including foreign exchange fluctuations +11.1) ● M&T Aviation sale of owned aircraft -10.9 ● Sale of ships owned by OMC Shipping -10.6

Investment property	282.5	318.6	(36.1)	<ul style="list-style-type: none"> • Xingu Agri -22.1 (including sale of agricultural land -33.2, foreign exchange +13.4) • MBK Real Estate Holdings -14.4(including sale of multiple properties -20.8)
Intangible assets	277.3	253.0	+24.3	<ul style="list-style-type: none"> • Consolidations (Position Partners, Lee Soon Seng Plastics Industries) • Brazilian passenger railway business -13.2 (including impairment -15.1)
Deferred tax assets	105.2	100.7	+4.5	
Other non-current assets	148.8	120.8	+28.0	<ul style="list-style-type: none"> • Increase in pension related assets (premium contributions)

*1 LI: Lifestyle Segment, MI: Machinery & Infrastructure Segment

Liabilities

(Billions of Yen)	March 31, 2023	March 31, 2022	Change	Description
Current Liabilities	3,766.6	3,808.6	(42.0)	
Short-term debt	432.2	281.8	+150.4	
Current portion of long-term debt	811.0	410.3	+400.7	
Trade and other payables	1,510.4	1,739.1	(228.7)	<ul style="list-style-type: none"> • Decrease in trade payables
Other financial liabilities	622.0	1,003.2	(381.2)	<ul style="list-style-type: none"> • Decrease in derivative liabilities
Income tax payables	49.3	68.5	(19.2)	
Advances from customers	234.9	202.1	+32.8	<ul style="list-style-type: none"> • Corresponding to increase in advance payments
Provisions	59.0	48.6	+10.4	<ul style="list-style-type: none"> • (EN*¹, CH*¹) Increase in provisions
Other current liabilities	47.8	55.0	(7.2)	
Non-current Liabilities	5,049.1	5,319.2	(270.1)	
Long-term debt, less the current portion	3,797.3	4,185.4	(388.1)	
Other financial liabilities	223.4	147.0	+76.4	<ul style="list-style-type: none"> • Increase in derivative liabilities
Retirement benefit liabilities	37.0	38.0	(1.0)	
Provisions	310.5	266.2	+44.3	<ul style="list-style-type: none"> • (EN*¹) Increase in asset retirement obligations
Deferred tax liabilities	648.3	654.0	(5.7)	
Other non-current liabilities	32.6	28.6	+4.0	

*1 EN: Energy Segment, CH: Chemicals Segment

Equity

(Billions of Yen)	March 31, 2023	March 31, 2022	Change	Description
Common stock	342.6	342.4	+0.2	
Capital surplus	381.9	376.5	+5.4	
Retained earnings	4,840.5	4,166.0	+674.5	
Other components of equity	869.0	827.4	+41.6	
<breakdown>				
Financial assets measured at FVTOCI	215.6	465.1	(249.5)	<ul style="list-style-type: none"> • Lower share prices, decrease in fair value of Sakhalin II project
Foreign currency translation adjustments	638.5	478.6	+159.9	<ul style="list-style-type: none"> • USD +123.7 (Mar-23 JPY133.53/USD, up from Mar-22 JPY122.39/USD) • AUD -27.9 (Mar-23 JPY89.69/AUD, down from Mar-22 JPY92.00/AUD)
Cash flow hedges	14.9	(116.3)	+131.2	<ul style="list-style-type: none"> • Commodity price and interest rate hedge accounting
Treasury stock	(66.2)	(107.1)	+40.9	<ul style="list-style-type: none"> • Cancellation of treasury stock +310.7 • Share repurchase -270.0
Total Equity Attributable to Owners of the Parent	6,367.8	5,605.2	+762.6	
Non-controlling interests	197.4	190.2	+7.2	

2) Cash Flows

(Billions of Yen)	Current Year	Previous Year	Change
Cash Flows from Operating Activities	1,047.5	806.9	+240.6
Cash Flows from Investing Activities	(178.3)	(181.2)	+2.9
Free Cash Flow	869.2	625.7	+243.5
Cash Flows from Financing Activities	(634.7)	(614.3)	(20.4)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	27.8	53.3	(25.5)
Change in Cash and Cash Equivalents	262.3	64.7	+197.6

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash Flows from Operating Activities	a	1,047.5	806.9	+240.6
Cash Flows from Change in Working Capital	b	(223.5)	(407.4)	+183.9
Repayments of Lease Liabilities	c	(65.5)	(55.6)	(9.9)
Core Operating Cash Flow	a-b+c	1,205.5	1,158.7	+46.8

• Cash flows from change in working capital (changes in operating assets and liabilities) was ¥223.5 billion of net cash outflow. Repayments of lease liabilities was ¥65.5 billion of cash outflow. Core Operating Cash Flow, which equals cash flows from operating activities excluding changes in working capital and repayments of lease liabilities, amounted to ¥1,205.5 billion.

- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥574.2 billion, an increase of ¥19.4 billion from ¥554.8 billion for the previous year.

- Depreciation and amortization for the current year was ¥272.7 billion, a decrease of ¥23.7 billion from ¥296.4 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	436.7	552.8	(116.1)
Energy	419.6	280.2	+139.4
Machinery & Infrastructure	182.9	144.0	+38.9
Chemicals	89.5	93.8	(4.3)
Iron & Steel Products	18.0	12.4	+5.6
Lifestyle	31.1	35.2	(4.1)
Innovation & Corporate Development	46.6	46.6	0
All Other and Adjustments and Eliminations	(18.9)	(6.3)	(12.6)
Consolidated Total	1,205.5	1,158.7	+46.8

The following table shows Depreciation and amortization by operating segment.

(Billions of Yen)	Current Year	Previous Year	Change
Mineral & Metal Resources	58.7	51.3	+7.4
Energy	88.2	138.5	(50.3)
Machinery & Infrastructure	34.8	23.9	+10.9
Chemicals	31.6	24.7	+6.9
Iron & Steel Products	1.5	1.4	+0.1
Lifestyle	23.2	21.8	+1.4
Innovation & Corporate Development	18.8	18.1	+0.7
All Other and Adjustments and Eliminations	15.9	16.7	(0.8)
Consolidated Total	272.7	296.4	(23.7)

Cash Flows from Investing Activities

(Billions of Yen)	Current Year	Previous Year	Description of Current Year
Cash flows from investing activities	(178.3)	(181.2)	
Net change in investments in equity accounted investees	(103.4)	(27.1)	
Cash outflow	(238.6)	(92.2)	<ul style="list-style-type: none"> • Mainstream Renewable Power holding company -79.8 • Climate Friendly • Ouro Fino Saúde Animal • FPSO (Libra MV31) -15.7 • New Forests • Mit Power Capitals -11.5 • Japan Arctic LNG • Mitsui E&P Mozambique Area 1 -10.6
Cash inflow	135.2	65.1	<ul style="list-style-type: none"> • Stanmore SMC +54.9 • Southernwood Property +20.1 • MT Falcon Holdings +11.6
Net change in other investments	33.9	(43.8)	
Cash outflow	(100.4)	(106.1)	<ul style="list-style-type: none"> • Large-scale renewable energy project in India
Cash inflow	134.3	62.3	<ul style="list-style-type: none"> • (LI*¹) Sale of FVTOCI financial assets • Lucid Group +25.1
Net change in property, plant and equipment	(190.0)	(156.6)	
Cash outflow	(228.0)	(185.5)	<ul style="list-style-type: none"> • Oil and gas projects -50.9 • Iron ore mining operations in Australia -43.7 • Coal mining operations in Australia -24.7 • MyPower -17.0 • Intercontinental Terminals Company -13.0
Cash inflow	38.0	28.9	<ul style="list-style-type: none"> • M&T Aviation sale of owned aircraft +10.9
Net change in investment property	48.4	(4.5)	
Cash outflow	(12.3)	(26.4)	
Cash inflow	60.7	21.9	<ul style="list-style-type: none"> • Sale of multiple properties by MBK Real Estate Holdings +32.6 • Sale of Xingu Agri agricultural land +17.9 • Partial sale of Hibiya Fort Tower
Net change in loan receivables	(4.2)	50.0	
Net change in time deposits	37.0	0.8	

Cash Flows from Financing Activities

(Billions of Yen)	Current Year	Previous Year	Description of Current Year
Cash flows from financing activities	(634.7)	(614.3)	
Net change in short-term debt	168.7	(82.5)	
Net change in long-term debt	(217.6)	(55.0)	
(Proceeds from long-term debt)	1,041.2	1,206.6	
(Repayments of long-term debt)	(1,258.8)	(1,261.6)	
Repayments of lease liabilities	(65.5)	(55.6)	
Purchase and sales of treasury stock-net	(270.2)	(174.9)	
Dividends paid	(198.1)	(148.2)	
Transactions with non-controlling interest shareholders	(52.0)	(98.1)	●Mainly payment of additional acquisition of shares in Mitsui Oil Exploration

2. Management Policies

(1) New Medium-term Management Plan

Reference is made to our new Medium-term Management Plan “Medium-term Management Plan 2026 ‘Creating Sustainable Futures’”, announced on our corporate website today.

(2) Forecasts for the Year Ending March 31, 2024

1) Forecasts for the year ending March 31, 2024

[Assumption]	March 2024 Forecast	March 2023 Result
Exchange rate (USD/JPY)	130.00	136.00
Crude oil (JCC)	\$79/bbl	\$103/bbl
Consolidated oil price	\$88/bbl	\$93/bbl

(Billions of Yen)	March 31, 2024 Forecast	March 31, 2023 Result	Increase / (Decrease)	Description
Gross Profit	1,170.0	1,396.2	(226.2)	Lower commodity prices
Selling, General and Administrative Expenses	(750.0)	(702.8)	(47.2)	
Gain (Loss) on Investments, Fixed Assets and Other	230.0	58.3	+171.7	One-time valuation gain Asset recycling
Interest Expenses	(110.0)	(66.8)	(43.2)	Higher interest rates
Dividend Income	160.0	154.9	+5.1	
Profit (Loss) of Equity Method Investments	440.0	555.5	(115.5)	Lower commodity prices
Profit before Income Taxes	1,140.0	1,395.3	(255.3)	
Income Taxes	(240.0)	(240.7)	+0.7	
Non-Controlling Interests	(20.0)	(24.0)	+4.0	
Profit for the Year Attributable to Owners of the Parent	880.0	1,130.6	(250.6)	
Depreciation and Amortization	270.0	272.7	(2.7)	
Core Operating Cash Flow	870.0	1,205.5	(335.5)	

- 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, 2024”.

The forecast of Profit for the Year Attributable to Owners of the Parent by operating segment compared to the year ended March 31, 2023 is as follows:

(Billions of Yen)	Year ending March 31, 2024	Year ended March 31, 2023	Increase / (Decrease)	Description
Mineral & Metal Resources	290.0	438.8	(148.8)	Metallurgical coal and iron ore prices Absence of gain from asset sales in the previous year
Energy	130.0	309.4	(179.4)	Oil & gas prices LNG trading
Machinery & Infrastructure	240.0	171.9	+68.1	Asset recycling
Chemicals	60.0	70.9	(10.9)	
Iron & Steel Products	20.0	22.5	(2.5)	
Lifestyle	90.0	54.8	+35.2	One-time profit due to equity method investee becoming a subsidiary
Innovation & Corporate Development	60.0	66.7	(6.7)	
Others / Adjustments and Eliminations	(10.0)	(4.4)	(5.6)	
Consolidated Total	880.0	1,130.6	(250.6)	

The forecast for Core Operating Cash Flow by operating segment compared to the year ended March 31, 2023 is as follows:

(Billions of Yen)	Year ending March 31, 2024	Year ended March 31, 2023	Increase / (Decrease)	Description
Mineral & Metal Resources	320.0	436.7	(116.7)	Metallurgical coal and iron ore prices Dividend income
Energy	230.0	419.6	(189.6)	Oil and gas prices LNG trading
Machinery & Infrastructure	140.0	182.9	(42.9)	Asset recycling
Chemicals	80.0	89.5	(9.5)	
Iron & Steel Products	10.0	18.0	(8.0)	
Lifestyle	50.0	31.1	+18.9	Recovery in coffee trading business
Innovation & Corporate Development	40.0	46.6	(6.6)	
Others / Adjustments and Eliminations	0.0	(18.9)	+18.9	
Consolidated Total	870.0	1,205.5	(335.5)	

2) Key commodity prices and other parameters for the year ending March 31, 2024

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2024. 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, 2024			March 2024 Assumption	March 2023 Result
Commodity	Crude Oil/JCC	-	79	103
	Consolidated Oil Price (*1)	¥2.6 bn (US\$1/bbl)	88	93
	U.S. Natural Gas (*2)	¥1.4 bn (US\$0.1/mmBtu)	2.99	6.51 (*3)
	Iron Ore (*4)	¥2.7 bn (US\$1/ton)	(*5)	116 (*6)
	Metallurgical Coal	¥0.3 bn (US\$1/ton)	(*5)	352 (*7)
	Copper (*8)	¥0.7 bn (US\$100/ton)	8,600	8,815 (*9)
Forex (*10)	USD	¥3.9 bn (¥1/USD)	130.00	136.00
	AUD	¥2.7 bn (¥1/AUD)	85.00	92.67

- (*1) As the crude oil price affects our consolidated results with a 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 2024, we have assumed that there is a 4-6 month lag for approx. 35%, a 1-3 month lag for approx. 30%, over one year of a lag for approx. 30%, 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 US. natural gas sold at Henry Hub (HH), the above sensitivities show annual impact of changes in the weighted average sale price.
- (*3) US. gas figures for the year ended March 2023 are the Henry Hub Natural Gas Futures average daily prompt-month closing prices traded on NYMEX during January to December 2022.
- (*4) The effect of dividend income from Vale has not been included.
- (*5) Iron ore and metallurgical coal price assumptions are not disclosed.
- (*6) Iron ore results figures for the year ended March 2023 are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2022 to March 2023.
- (*7) Metallurgical coal results figures for the year ended March 2023 are the quarterly average prices of representative metallurgical 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 2023.
- (*9) Copper results figures for the year ended March 2023 are the averages of the LME monthly average cash settlement prices for the period January to December 2022.
- (*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 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 meeting demand for capital in our core and growth areas through reinvestment of our retained earnings, and – based on the level of stable cash generation – directly provide returns to shareholders by paying out cash dividends.
- In addition to the above, regarding share repurchases which are done to improve capital efficiency amongst other things, the amount and timing will be decided upon in a prompt and flexible manner taking into consideration the business environment. Such considerations include balance between share repurchases and growth investments, cash flow level after accounting for shareholder returns, interest-bearing debt levels, and return on equity.

Share repurchases for the year ended March 31, 2023, were ¥270 billion in total. For details, please refer to the releases on our website “Notification of Progress and End of Stock Repurchase” dated September 26, 2022, and “Notification of Progress on Share Repurchase” dated April 3, 2023.

The full-year dividend for the year ended March 31, 2023, is planned to be ¥140 per share (an increase of ¥35 from the previous year, including the interim dividend of ¥65 per share). Taking into consideration Core Operating Cash Flow and Profit for the Year Attributable to Owners of the Parent announced today, as well as the stability and continuity of dividend payments, the full-year dividend for the year ending March 31, 2024 is planned to be ¥150 per share (an increase of ¥10 from the previous year, including the interim dividend of ¥75). Furthermore, during the new Mid-term Management Plan, we will set a minimum dividend of ¥150 per share (an increase of ¥10 from the previous year, including the interim dividend of ¥75), and will introduce a progressive dividend that will have the dividend level maintained or increased.

We have set a shareholder returns policy (dividends and share repurchases) of around 37% of Core Operating Cash Flow on a three-year cumulative basis for the new Medium-term Management Plan.

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, 2023	March 31, 2022
Current Assets:		
Cash and cash equivalents	¥ 1,390,130	¥ 1,127,868
Trade and other receivables	2,191,181	2,303,140
Other financial assets	772,984	997,862
Inventories	940,543	949,663
Advance payments to suppliers	226,692	183,370
Other current assets	153,303	154,780
Total current assets	5,674,833	5,716,683
Non-current Assets:		
Investments accounted for using the equity method	3,929,636	3,387,371
Other investments	2,134,103	2,347,414
Trade and other receivables	320,040	319,977
Other financial assets	208,021	167,845
Property, plant and equipment	2,300,607	2,190,902
Investment property	282,497	318,570
Intangible assets	277,316	253,039
Deferred tax assets	105,197	100,743
Other non-current assets	148,666	120,746
Total non-current assets	9,706,083	9,206,607
Total	¥ 15,380,916	¥ 14,923,290

(Millions of Yen)

Liabilities and Equity		
	March 31, 2023	March 31, 2022
Current Liabilities:		
Short-term debt	¥ 432,233	¥ 281,831
Current portion of long-term debt	810,999	410,257
Trade and other payables	1,510,391	1,739,149
Other financial liabilities	621,979	1,003,156
Income tax payables	49,335	68,456
Advances from customers	234,946	202,074
Provisions	58,952	48,589
Other current liabilities	47,802	55,114
Total current liabilities	3,766,637	3,808,626
Non-current Liabilities:		
Long-term debt, less current portion	3,797,328	4,185,375
Other financial liabilities	223,381	147,031
Retirement benefit liabilities	36,998	38,045
Provisions	310,513	266,161
Deferred tax liabilities	648,263	653,979
Other non-current liabilities	32,648	28,657
Total non-current liabilities	5,049,131	5,319,248
Total liabilities	8,815,768	9,127,874
Equity:		
Common stock	342,560	342,384
Capital surplus	381,869	376,516
Retained earnings	4,840,510	4,165,962
Other components of equity	868,963	827,441
Treasury stock	(66,152)	(107,098)
Total equity attributable to owners of the parent	6,367,750	5,605,205
Non-controlling interests	197,398	190,211
Total equity	6,565,148	5,795,416
Total	¥ 15,380,916	¥ 14,923,290

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue:	¥ 14,306,402	¥ 11,757,559
Cost:	(12,910,174)	(10,616,188)
Gross Profit	1,396,228	1,141,371
Other Income (Expenses):		
Selling, general and administrative expenses	(702,809)	(596,311)
Gain (loss) on securities and other investments-net	59,524	8,705
Impairment reversal (loss) of fixed assets-net	(29,975)	(19,117)
Gain (loss) on disposal or sales of fixed assets-net	19,436	14,480
Other income (expense)-net	9,248	14,909
Total other income (expenses)	(644,576)	(577,334)
Finance Income (Costs):		
Interest income	47,757	19,999
Dividend income	154,942	196,505
Interest expense	(114,582)	(47,324)
Total finance income (costs)	88,117	169,180
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	555,526	431,263
Profit before Income Taxes	1,395,295	1,164,480
Income Taxes	(240,668)	(226,810)
Profit for the Year	¥ 1,154,627	¥ 937,670
Profit for the Year Attributable to:		
Owners of the parent	¥ 1,130,630	¥ 914,722
Non-controlling interests	23,997	22,948

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Profit for the Year	¥ 1,154,627	¥ 937,670
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(238,455)	163,811
Remeasurements of defined benefit pension plans	9,343	18,946
Share of other comprehensive income of investments accounted for using the equity method	(12,811)	(19,631)
Income tax relating to items not reclassified	45,527	(55,126)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(22,865)	103,754
Cash flow hedges	56,921	(69,905)
Share of other comprehensive income of investments accounted for using the equity method	276,047	338,093
Income tax relating to items that may be reclassified	(17,444)	(6,624)
Total other comprehensive income	96,263	473,318
Comprehensive Income for the Year	¥ 1,250,890	¥ 1,410,988
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ 1,224,588	¥ 1,370,647
Non-controlling interests	26,302	40,341

(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, 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
Profit for the year			1,130,630			1,130,630	23,997	1,154,627
Other comprehensive income for the year				93,958		93,958	2,305	96,263
Comprehensive income for the year			1,130,630	93,958		1,224,588	26,302	1,250,890
Transaction with owners:								
Dividends paid to the owners of the parent			(198,082)			(198,082)		(198,082)
Dividends paid to non-controlling interest shareholders							(22,380)	(22,380)
Acquisition of treasury stock					(270,257)	(270,257)		(270,257)
Sales of treasury stock		(252)	(284)		537	1		1
Cancellation of treasury stock			(310,666)		310,666	-		-
Compensation costs related to share-based payment	176	3,906				4,082		4,082
Equity transactions with non-controlling interest shareholders		1,699		514		2,213	3,265	5,478
Transfer to retained earnings			52,950	(52,950)		-		-
Balance as at March 31, 2023	¥ 342,560	¥ 381,869	¥ 4,840,510	¥ 868,963	¥ (66,152)	¥ 6,367,750	¥ 197,398	¥ 6,565,148

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2023	Year ended March 31, 2022
Operating Activities:		
Profit for the year	¥ 1,154,627	¥ 937,670
Adjustments to reconcile profit for the year to cash flows from operating activities:		
Depreciation and amortization	272,689	296,396
Change in retirement benefit liabilities	(11,708)	6,689
Loss allowance	18,857	20,238
(Gain) loss on securities and other investments-net	(59,524)	(8,705)
Impairment (reversal) loss of fixed assets-net	29,975	19,117
(Gain) loss on disposal or sales of fixed assets-net	(19,436)	(14,480)
Interest income, dividend income and interest expense	(123,867)	(199,875)
Income taxes	240,668	226,810
Share of (profit) loss of investments accounted for using the equity method	(555,526)	(431,263)
Valuation (gain) loss related to contingent considerations and others	(2,137)	(4,624)
Changes in operating assets and liabilities:		
Change in trade and other receivables	216,139	(416,102)
Change in inventories	53,699	(291,352)
Change in trade and other payables	(295,922)	369,080
Other-net	(197,336)	(69,024)
Interest received	84,250	50,824
Interest paid	(96,668)	(49,278)
Dividends received	574,208	554,764
Income taxes paid	(235,451)	(189,989)
Cash flows from operating activities	1,047,537	806,896
Investing Activities:		
Net change in time deposits	37,048	794
Net change in investments in equity accounted investees	(103,428)	(27,067)
Net change in other investments	33,866	(43,761)
Net change in loan receivables	(4,186)	50,005
Net change in property, plant and equipment	(190,043)	(156,636)
Net change in investment property	48,402	(4,526)
Cash flows from investing activities	(178,341)	(181,191)
Financing Activities:		
Net change in short-term debt	168,678	(82,522)
Net change in long-term debt	(217,647)	(54,976)
Repayments of lease liabilities	(65,454)	(55,630)
Purchases and sales of treasury stock	(270,246)	(174,915)
Dividends paid	(198,082)	(148,206)
Transactions with non-controlling interest shareholders	(51,934)	(98,076)
Cash flows from financing activities	(634,685)	(614,325)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	27,751	53,338
Change in Cash and Cash Equivalents	262,262	64,718
Cash and Cash Equivalents at Beginning of Year	1,127,868	1,063,150
Cash and Cash Equivalents at End of Year	¥ 1,390,130	¥ 1,127,868

“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	210
2) Japan	87

② Equity accounted investees (associated companies and joint ventures)

1) Overseas	171
2) Japan	45

A total of 477 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, 2023 are as follows.

Decrease of the fair value related to Russian LNG business

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

Impairment loss for the passenger railway business in Brazil

An impairment loss of ¥15,080 million in the Machinery & Infrastructure Segment engaged in the passenger railway business in Brazil was recorded in “Impairment reversal (loss) of fixed assets – net” in the Consolidated Statements of Income by reducing the carrying amount of intangible assets to the recoverable amount of ¥41,264 million. The impairment loss was mainly related to a decrease in revenue and an increase in the discount rate. 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.

(8) Notes to Consolidated Financial Statements

① Segment Information

Year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	2,220,316	3,517,077	1,115,192	3,160,663	726,180	3,306,954	259,489	14,305,871	531	14,306,402
Gross Profit	355,820	316,446	199,900	209,298	40,699	153,736	112,591	1,388,490	7,738	1,396,228
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	127,550	108,476	197,313	27,368	24,735	50,712	18,931	555,085	441	555,526
Profit for the Year Attributable to Owners of the Parent	438,785	309,382	171,908	70,945	22,484	54,849	66,677	1,135,030	(4,400)	1,130,630
Core Operating Cash Flow	436,661	419,583	182,901	89,531	17,995	31,099	46,588	1,224,358	(18,855)	1,205,503
Total Assets at March 31, 2023	3,062,836	3,009,472	3,216,794	1,773,664	776,531	2,504,078	1,642,459	15,985,834	(604,918)	15,380,916

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

- 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, 2022 and March 31, 2023 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 ¥7,647,360 million and ¥8,215,000 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, 2022 and March 31, 2023 includes elimination of receivables and payables between segments amounting to ¥8,091,315 million and ¥8,819,918 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.

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, 2023 and 2022:

Year ended March 31, 2023(from April 1, 2022 to March 31, 2023)

	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	1,130,630	1,566,367	721.82
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(10)	—	
Share-based remuneration	—	877	
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	1,130,620	1,567,244	721.41

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

③ Subsequent Events

Acquisition of Additional Shares in Aim Services Co., Ltd.

On April 6, 2023 (the acquisition date), the Company acquired an additional 50% equity share (equivalent to 277 stocks) of AIM SERVICES CO., LTD. ("Aim"), which is a major food contracting service company in Japan under the Lifestyle Segment, from Aramark, a U.S. based company. The Company already held 50% share and acquired remaining balance of 50% shares while aiming to accelerate Aim's growth by leveraging its comprehensive strengths. The acquisition price was USD 535 million (¥68,790 million), which was paid in cash and cash equivalents on hand. After the acquisition, Aim became a wholly owned subsidiary of the Company.

Pursuant to the acquisition, Aim is reclassified from an equity-method investee to a wholly-owned subsidiary of the Company and the revaluation gain on the previously held equity interest of 50% shares is expected to be ¥43,449 million under "Gain on securities and other investments" in the Consolidated Statements of Income for the first quarter of the year ending March 31, 2024.

Additionally, the Company has begun the process of allocating purchase price to the assets acquired and liabilities assumed. However, this process is not completed and such allocation is yet to be finalized.

Issuance of New Shares as Post-Delivery Restricted-Stock-Based Remuneration

On April 6, 2023, the Board of Directors of the Company resolved to issue new shares as post-delivery restricted-stock-based remuneration under the remuneration system of tenure-linked restricted stock unit, and the payment of new shares was completed on April 28, 2023. The details are as follows.

- (1) Class and number of shares issued : Common stock of the Company, 129,424 shares
- (2) Issue price : 3,906 yen per share
- (3) Total value of issue : 505,530,144 yen
- (4) Pay-in date : April 28, 2023
- (5) Categories and numbers of persons eligible for allocations, numbers of shares allocated :

Managing Officers	7 persons, 113,759 shares
(including retired Managing Officers	6 persons, 98,559 shares)
Directors	1 person, 15,665 shares

④ The Fire Incident of Intercontinental Terminals Company

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company ("ITC"), a wholly owned U.S. subsidiary of Mitsui. 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, 2022 and 2023, and the outstanding balance of related provision as of March 31, 2023 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, 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 of France, announced that it had declared force majeure under the Joint Operating Agreement.

Progress has been seen in the restoration of order, stability and security in the region, and project partners are working with the government and relevant stakeholders for an early restart of the construction, while the exact restart date is still being reviewed.

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 Russia-Ukraine Situation on the Russian LNG business

The Russian LNG business in which the Company, its subsidiary, and the equity accounted investee in the Energy Segment have invested, financed and guaranteed, is affected by the Russia-Ukraine situation that has been ongoing 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 relation to the investment in Sakhalin II project that was held by Mitsui Sakhalin Holdings, a subsidiary of the Company, all the rights and obligations of Sakhalin Energy Investment Company, an original operator of the project, have been transferred to Sakhalin Energy LLC (“SELLC”) established based on Russian Presidential Decree (No.416) dated June 30, 2022 and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369). Accordingly, we submitted to the Government of the Russian Federation the notice of consent to take the ownership of SELLC. The notice of consent was approved and MIT SEL Investment, a newly established subsidiary of the Company, undertook ownership on September 2, 2022. Consequently, we continue to invest in the Sakhalin II project before and after the aforementioned reorganization and it does not materially impact on the Consolidated Financial Statements.

On the other hand, the situation as of March 31, 2023 still remains uncertain as the final LLC members composition is not yet decided and the relevant LLC members agreement is not signed, etc. Under this situation, the fair value of our investment in the Sakhalin II project was measured using the income approach by expected present value technique and the probability-weighted average considering a scenario where the continuous dividend income is expected from SELLC and other scenarios. As a result, the fair value decreased by ¥125,970 million from the balance as of March 31, 2022, and the valuation difference is recorded in “Financial assets measured at FVTOCI” in the Consolidated Statements of Comprehensive Income. The outstanding balances of “Other investments” in the Consolidated Statements of Financial Position related to this project as of March 31, 2023 and 2022 were ¥98,505 million and ¥208,154 million, respectively. While the decision on the new LLC member has been acknowledged by Order of the Government of the Russian Federation dated April 11, 2023 (No.890), the Company has concluded there is no impact on the above fair value. The fair value may increase or decrease due to further changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG, an equity accounted investee that invests in and finances the Arctic LNG 2 project, and the assets value held by Japan Arctic LNG were revaluated during the current period based on the rating of the Russian Federation, however the profit and loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) as of March 31, 2023 and 2022 were ¥15,759 million and ¥14,374 million, respectively. The balance of financial guarantees as contingent liabilities were ¥223,415 million and ¥182,160 million, respectively, and the provision for loss on guarantees included in “Other financial liabilities” were ¥18,213 million and ¥18,097 million, respectively. These estimates may be affected by uncertain future developments in Russia and Ukraine, and any further changes in the credit rating of the Russian Federation. 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 financial guarantees in the Consolidated Financial Statements for the next fiscal year.

(*) Investments and loans are the sum of “Investments accounted for using the equity method”, and loans (net of loss allowance) included in “Trade and other receivables” in the Consolidated Statements of Financial Position.