Annual Securities Report
for the fiscal year ended March 31, 2021

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report (“Yukashoken Hokokusho”) of Mitsui & Co., Ltd. filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 18, 2021.

As used in this report, “Mitsui” and the “Company” are used to 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. “Share” means one share of Mitsui’s common stock, “ADS” means an American Depositary Share representing 20 shares, and “ADR” means an American Depositary Receipt evidencing one or more ADSs. Also, “dollar” or “$” means the lawful currency of the United States of America, and “yen” or “¥” means the lawful currency of Japan.

All financial statements and information contained in this report have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board except where otherwise noted.

A Cautionary Note on Forward-Looking Statements

This report includes forward-looking statements based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “expect,” “anticipate,” “estimate,” “forecast,” “plan” or similar words. The forward-looking statements in this report are subject to various risks, uncertainties and assumptions. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial position, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual operating results to differ materially from those contained or implied in any forward-looking statement. Our expectations expressed in these forward-looking statements may not turn out to be correct, and our actual results could materially differ from and be worse than our expectations.

Important risks and factors that could cause our actual results to differ materially from our expectations are discussed in “2. Operating and Financial Review and Prospects, 2. Risk Factors” or elsewhere in this report and include, without limitation:

- changes in economic conditions that may lead to unforeseen developments in markets for products handled by us;
- fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions;
- adverse political developments in the various jurisdictions where we operate, which among things, may create delays or postponements of transactions and projects;
- changes in laws, regulations or policies in any of the countries where we conduct our operations; and
- significant changes in the competitive environment.

We do not assume, and specifically disclaim, any obligation to update any forward-looking statements which speak only as of the date made.

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1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

Fiscal year		102nd	101st	100th	99th	98th
Year ended		March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Consolidated financial data						
Revenue	(Millions of Yen)	8,010,235	8,484,130	8,958,967	4,892,149	4,363,969
Gross profit	(Millions of Yen)	811,465	839,423	838,467	790,705	719,295
Profit for the year attributable to owners of the parent	(Millions of Yen)	335,458	391,513	414,215	418,479	306,136
Comprehensive income for the year attributable to owners of the parent	(Millions of Yen)	964,652	(259,448)	429,917	416,113	503,025
Total equity attributable to owners of the parent	(Millions of Yen)	4,570,420	3,817,677	4,263,166	3,974,715	3,732,179
Total assets	(Millions of Yen)	12,515,845	11,806,292	11,945,779	11,306,660	11,501,013
Equity attributable to owners of the parent per share	(Yen)	2,739.28	2,235.83	2,452.81	2,287.10	2,115.80
Basic earnings per share attributable to owners of the parent	(Yen)	199.28	226.13	238.33	237.67	171.20
Diluted earnings per share attributable to owners of the parent	(Yen)	199.18	225.98	238.15	237.50	171.10
Equity attributable to owners of the parent ratio	(%)	36.52	32.34	35.69	35.15	32.45
Return on Equity (ROE)	(%)	8.00	9.69	10.06	10.86	8.61
Price Earnings Ratio (PER)	(Times)	11.55	6.65	7.21	7.67	9.42
Cash flows from operating activities	(Millions of Yen)	772,696	526,376	410,670	553,645	404,171
Cash flows from investing activities	(Millions of Yen)	(322,474)	(185,230)	(719,036)	(248,211)	(353,299)
Cash flows from financing activities	(Millions of Yen)	(486,963)	(204,561)	127,376	(652,292)	(50,265)
Cash and cash equivalents at end of year	(Millions of Yen)	1,063,150	1,058,733	956,107	1,131,380	1,503,820
Number of employees (excluding average number of part -time employees)	(Number of persons)	44,509 (9,721)	45,624 (10,760)	43,993 (10,354)	42,304 (11,984)	42,316 (9,988)
Total Shareholder Return	(%)	206.3	138.1	148.5	150.4	128.8
(Comparative index: TOPIX)	(%)	(145.0)	(104.1)	(118.1)	(127.4)	(112.3)
Highest price of Mitsui's shares	(Yen)	2,415	1,999	2,120	2,042	1,753
Lowest price of Mitsui's shares	(Yen)	1,396	1,378	1,553	1,476	1,156

(Notes) 1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS).
2. Revenue does not include consumption taxes.

3. As described in the “Notes in Consolidated Statements of Income”, effective from the 102nd fiscal year, revisions have been made to the presentation of revenue for certain transactions, and the figures for the 100th year and the 101st year have been restated.
4. The Total Shareholder Return are the ratio obtained by dividing the sum of the stock price at the end of each fiscal year and the cumulative dividends per share from the previous four fiscal years by the stock price at the end of the previous fifth fiscal year.
5. The Highest and Lowest price of Mitsui's shares are quoted on the first section of the Tokyo Stock Exchange.

2. History

Mitsui Bussan Kabushiki Kaisha ("Mitsui & Co., Ltd." in English) was originally incorporated on July 25, 1947, as Daiichi Bussan Kabushiki Kaisha with a common stock of ¥195,000, with the main purpose of importing, exporting and selling a wide variety of products.

Since our establishment, our business results have developed strongly, and we have grown in scale as the result of capital increases or stock dividends, the issuance of foreign currency-denominated and domestic convertible bonds, along with integration with other new companies. On February 16, 1959, we changed our name to our present name of Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.), and took the form of a general trading company in both name and practice. From then until the present day, we have continued to expand our business through mergers and acquisitions of other businesses and companies.

The significant developments for the companies that occurred during this time, including name changes, mergers, establishment of major affiliated companies, listings on securities exchanges, and other, are as follows.

Jul. 1947	Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000
May 1949	Listed on Tokyo Stock Exchange
Nov. 1954	Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange
Apr. 1956	Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.)
Feb. 1959	Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.)
Feb. 1959	Listed on Fukuoka Stock Exchange
Jan. 1963	Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine)
May 1963	Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in February 1971)
Feb. 1965	Decided to participate in Robe River iron mine in Australia
Apr. 1966	Established Mitsui & Co. (U.S.A.), Inc.
Oct. 1966	Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
Mar. 1971	Split off lease business and established Mitsui Leasing, Ltd. (currently JA Mitsui Leasing, Ltd.)
Sept. 1971	Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi
Oct. 1971	Signed basic agreement on Iran Petrochemical Project
May 1976	Established AIM SERVICES CO., LTD. with ARA (currently ARAMARK Corporation)
Nov. 1976	Moved head office to Otemachi, Chiyoda-ku, Tokyo
Jul. 1985	Participated in North West Shelf LNG project in Western Australia
Apr. 1988	Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC)
Dec. 1990	Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd.
Oct. 1991	Introduced Chief Operating Officer system
Feb. 1994	Established P.T. Paiton Energy, an electric power company in Indonesia
Jun. 1994	Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects
Apr. 2002	Introduced Managing Officer system
Mar. 2003	Participated in ownership interest in International Methanol Company of Saudi Arabia
Jun. 2003	First appointment of external director
Sept. 2003	Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company
Apr. 2004	Abolished Domestic Branches and Offices Segment and included them in each business unit by product
Apr. 2006	Introduced overseas regional business unit system
Jun. 2007	Acquired Steel Technologies, Inc., a U.S. steel processing service center
Feb. 2010	Decided to participate in the Marcellus Shale Gas production development project in the U.S.
Apr. 2011	Delisted from NASDAQ (deregistered from the U.S. Securities and Exchange Commission (the "SEC") in July 2011)
Aug. 2012	Established a strategic alliance with Codelco and participated in a joint venture to jointly hold shares of Anglo American Sur S.A.
Nov. 2014	Moved head office to Marunouchi, Chiyoda-ku, Tokyo due to reconstruction of the head office building
Aug. 2017	Incorporated Valepar S.A., the holding company, by Vale S.A., the Brazilian diversified resource company
Mar. 2019	Became IHH Healthcare Berhad's largest shareholder through an additional investment
May 2020	Relocated head office to Otemachi, Chiyoda-ku, Tokyo with the completion of the new head office building

3. Business Overview

In each business area including Iron & Steel Products, Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Lifestyle and Innovation & Corporate Development, the Company and its consolidated subsidiaries engage in a diversified range of services, including trading, manufacturing, transport, and financial services involving various commodities, making full use of the global office network, which is centering on the Company, a general trading company, with its ability to gather information. The Company and its consolidated subsidiaries furthermore engage in a wide range of initiatives that include development of natural resources and infrastructure projects, and business investment in relation to the environment, new technologies, next-generation power and wellness, and value creation that leverages digital tools.

The business units of Mitsui's Head Office, which are organized based on the businesses, plan overall and worldwide strategies for their business domains and conduct their worldwide operations. The business units also collaborate with overseas branches and overseas trading subsidiaries in planning and executing their strategies for businesses and regions. The overseas branches and overseas trading subsidiaries are separate operating units, which are delegated responsibility for the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their subsidiaries and associated companies in collaboration with the business units.

For the disclosure pursuant to IFRS 8 "Operating Segments," these headquarters business units and regional business units are organized into seven business segments based on the business domains taking into account managerial decisions relating to allocation of resources, assessment of such operating performance, and the products or services they handle.

We have 514 affiliated companies for consolidation, which consist of 203 overseas subsidiaries, 77 domestic subsidiaries, 186 overseas equity accounted investees and 48 domestic equity accounted investees.

Segment	Products or Services	Major Subsidiaries	Major Equity Accounted Investees
Iron & Steel Products	Steel product for infrastructure projects, Automotive components, Steel products used in energy industry, and others	Mitsui & Co. Steel Ltd., EURO-MIT STAAL B.V., Bangkok Coil Center Co., Ltd., Regency Steel Asia Pte Ltd.	GRI Renewable Industries, S.L., NIPPON STEEL TRADING CORPORATION, Shanghai Bao-Mit Steel Distribution Co., Ltd. , Gestamp North America, Inc., Gestamp Holding Mexico, S.L., Gestamp Brasil Industria De Autopecas S.A., Gestamp Holding Argentina, S.L., GESTAMP 2020, S.L. , NuMit LLC, GEG (Holdings) Limited, SIAM YAMATO STEEL COMPANY LIMITED
Mineral & Metal Resources	Iron ore, Coal, Copper, Nickel, Aluminum, Ferrous raw materials, Recycling solutions, and others	MITSUI BUSSAN METALS CO., LTD., Mitsui-Itochu Iron Pty. Ltd., Mitsui Iron Ore Development Pty. Ltd., Mitsui Iron Ore Corporation Pty. Ltd., Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd., Mitsui Coal Holdings Pty. Ltd., Mitsui & Co. Mozambique Coal Investment B.V., Mitsui & Co. Mozambique Coal Finance Limited, Mitsui & Co. Nacala Infrastructure Investment B.V., Mitsui & Co. Nacala Infrastructure Finance Limited, Oriente Copper Netherlands B.V., Japan Collahuasi Resources B.V., Mitsui & Co. Mineral Resources Development (Asia) Corp.	Inner Mongolia Erdos Electrical Power & Metallurgical Group Limited By Shares, BHP Mitsui Coal Pty Ltd, NIPPON AMAZON ALUMINIUM CO., LTD.

Segment	Products or Services	Major Subsidiaries	Major Equity Accounted Investees
Energy	Oil, Natural gas, LNG, Petroleum products, Uranium, Environmental and next-generation energy, and others	Mitsui Oil Exploration Co., Ltd., Mitsui E&P Middle East B.V., Mitsui E&P Australia Pty Limited, Mitsui E&P UK Limited, Mitsui E&P USA LLC, MEP Texas Holdings LLC, Mitsui E&P Italia A S.r.l., AWE Pty Ltd., MOEX North America LLC, Mitsui & Co. Energy Trading Singapore Pte. Ltd., Mitsui & Co. LNG Investment USA LLC, Mitsui & Co. Energy Marketing and Services (USA), Inc. , Mitsui Sakhalin Holdings B.V., MyPower Corp.	ENEOS GLOBE Corporation, JAPAN ARCTIC LNG B.V., Japan Australia LNG (MIMI) Pty. Ltd., Mitsui E&P Mozambique Area 1 Limited
Machinery & Infrastructure	Electric power, Marine energy, Gas distribution, Water treatment and supply, Logistics and social infrastructure, Automotive, Construction, Transportation, Ships, Aircraft, and others	Portek International Private Limited, Mit-Power Capitals (Thailand) Limited, Mitsui & Co. Middle East and Africa Projects Investment & Development Limited, MITSUI GAS E ENERGIA DO BRASIL LTDA., Ecogen Brasil Solucoes Energeticas S.A., MIZHA ENERGIA PARTICIPACOES S.A., ATLATEC, S.A. de C.V., KARUGAMO ENERGY MANAGEMENT PTY. LIMITED, Mitsui & Co. Plant Systems, Ltd., Tokyo International Air Cargo Terminal Ltd., Mitsui Water Holdings (Thailand) Ltd., Guarana Urban Mobility Incorporated, GUMI BRASIL PARTICIPACOES S.A., Toyota Chile S.A., Mitsui Automotriz S.A., PT. Bussan Auto Finance, BUSSAN AUTO FINANCE INDIA PRIVATE LIMITED, MITSUI AUTO FINANCE CHILE LTDA., Mitsui Auto Finance Peru S.A., HINO MOTORS SALES MEXICO, S.A. DE C.V., Komatsu-Mitsui Maquinarias Peru S.A., Road Machinery, LLC, KOMEK MACHINERY LLC, KOMEK MACHINERY Kazakhstan LLP, Veloce Logistica SA, MBK USA Commercial Vehicles Inc., MITSUI & CO. MACHINE TECH LTD., Ellison Technologies Inc., OMC SHIPPING PTE. LTD., ORIENT MARINE CO., LTD., M&T AVIATION FINANCE (IRELAND) LIMITED, M&T AVIATION LIMITED, Mitsui Rail Capital Holdings, Inc., Mitsui Rail Capital Europe B.V., Mitsui Bussan Aerospace Co., Ltd.	P.T. PAITON ENERGY, 3B POWER SDN. BHD., SAFI ENERGY COMPANY, MAP Inland Holding Company Limited, MAP Coastal Holding Company Limited, DHOFAR GENERATING COMPANY SAOG, Caitan SpA, IPM Eagle LLP, MT Falcon Holdings Company, S.A.P.I. de C.V., Fukushima Gas Power Co., Ltd., India Yamaha Motor Private Limited, TOYOTA MANILA BAY CORPORATION, HINO MOTORS SALES (THAILAND) LTD., TAIYOKENKI RENTAL CO.,LTD, KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD, VLI S.A., Penske Automotive Group, Inc., lnversiones Mitta SpA, WILLIS MITSUI & CO ENGINE SUPPORT LIMITED
Chemicals	Petrochemical raw material and products, Inorganic raw material and products, Synthetic resin material and products, Agricultural material, Feed additives, Tank terminal, living and environmental materials, and others	Mitsui Bussan Chemicals Co., Ltd., Japan-Arabia Methanol Company Ltd., MMTX Inc., Shark Bay Salt Pty. Ltd., Intercontinental Terminals Company LLC, MITSUI & CO. PLASTICS LTD., Mitsui Plastics Trading (Shanghai)Co.,LTD, Diana Elastomers, Inc., Mitsui Bussan Packaging Co.,Ltd., Mitsui Bussan Woodchip Oceania Pty. Ltd., MITSUI PLASTICS INC., Mitsui AgriScience International SA/NV, Certis U.S.A. L.L.C., Kocide LLC, Spiess-Urania Chemicals GmbH, DAIICHI TANKER CO., LTD., Mitsui Bussan Agro Business Co., Ltd., B Food Science Co.,LTD., Mitsui Agro Business S.A., Novus International, Inc., Consorcio Agroindustrias del Norte, S.A.P.I de C.V.	Kansai Helios Coatings GmbH, HEXAGON COMPOSITES ASA, LABIX Company Limited, SMB KENZAI CO.,LTD., OURO FINO QUIMICA S.A., MVM Resources International B.V., ITC RUBIS TERMINAL ANTWERP NV, PT Kingsford Holdings

Segment	Products or Services	Major Subsidiaries	Major Equity Accounted Investees
Lifestyle	Foods, Fashion, Healthcare, Outsourcing services, and others	XINGU AGRI AG, United Grain Corporation of Oregon, TOHO BUSSAN KAISHA, LTD., PRIFOODS CO.,LTD, The Kumphawapi Sugar Co., Ltd., KASET PHOL SUGAR LIMITED, Mitsui Norin Co., Ltd., Mit-Salmon Chile SpA, Retail System Service Co., Ltd., Bussan Logistics Solutions Co., Ltd., VENDOR SERVICE CO., LTD., MITSUI FOODS CO., LTD., Mitsui & Co. Retail Holdings Co., Ltd., WILSEY FOODS, INC., MKU Holdings, Inc., MAX MARA JAPAN CO., LTD., MITSUI BUSSAN I-FASHION LTD., Paul Stuart, Inc., MicroBiopharm Japan Co., Ltd., Mitsui & Co. Foresight Ltd., UHS Partners, Inc., MBK HEALTHCARE MANAGEMENT PTE. LTD.	FEED ONE CO., LTD., Mitsui Sugar Co., Ltd., BIGI HOLDINGS CO., LTD., ALCANTARA S.P.A., PHC Healthcare Holdings Corporation, IHH Healthcare Berhad, AIM SERVICES CO., LTD., ARAMARK Uniform Services Japan Corporation
Innovation & Corporate Development	Asset management, Leasing, Insurance, Buyout investment, Venture investment, Commodity derivatives, Logistics center, Information system, Real estate, and others	MITSUI KNOWLEDGE INDUSTRY CO.,LTD., Mitsui Bussan Secure Directions, Inc., World Hi-Vision Channel,Inc., M&Y Asia Telecom Holdings Pte. Ltd., Mitsuibussan Insurance Co., Ltd., Mitsui & Co. Alternative Investments Ltd., Mitsui & Co. Asset Management Holdings LTD., SABRE INVESTMENTS, LLC, MITSUI & CO. REAL ESTATE LTD., MBK Real Estate Asia Pte. Ltd., MBK Real Estate Holdings Inc., Mitsui & Co., Principal Investments Ltd., MITSUI & CO. Global Investment, Inc., Mitsui Bussan Commodities Ltd, Mitsui & Co. Global Logistics, Ltd.	Relia Inc., QVC JAPAN INC., NAAPTOL ONLINE SHOPPING PRIVATE LIMITED , JA Mitsui Leasing, Ltd.

* Mitsui Sugar Co., Ltd. became a wholly owned subsidiary of Mitsui DM Sugar Holdings Co., Ltd. with effect from April 1, 2021, as result of it's business integration with Dai-Nippon Meiji Sugar Co., Ltd.

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products	Japan	100.0
	EURO-MIT STAAL B.V.	Steel processing	The Netherlands	90.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	99.6
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	100.0
Mineral & Metal Resources	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of non-ferrous scrap, alloy and products	Japan	100.0
	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui Iron Ore Corporation Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0
	Mitsui & Co. Mozambique Coal Investment B.V.	Investment in Mozambique coal business	The Netherlands	100.0
	Mitsui & Co. Mozambique Coal Finance Limited	Investment in Mozambique coal business	United Arab Emirates	100.0
	Mitsui & Co. Nacala Infrastructure Investment B.V.	Investment in railway and port infrastructure business in Mozambique and Malawi	The Netherlands	100.0
	Mitsui & Co. Nacala Infrastructure Finance Limited	Investment in railway and port infrastructure business in Mozambique and Malawi	United Arab Emirates	100.0
	Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile through Inversiones Mineras Becrux SpA	The Netherlands	100.0
	Japan Collahuasi Resources B.V.	Investment in Collahuasi copper mine in Chile	The Netherlands	100.0
	Mitsui & Co. Mineral Resources Development (Asia) Corp.	Investments in nickel and cobalt smelting business in Philippines	Philippines	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Energy	Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan	74.3
	Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	The Netherlands	100.0
	Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas	Australia	100.0
	Mitsui E&P UK Limited	Exploration, development and production of oil and natural gas	United Kingdom	100.0
	Mitsui E&P USA LLC	Exploration, development and production of oil and natural gas	U.S.A.	100.0
	MEP Texas Holdings LLC	Investment in Oil and Gas Business	U.S.A.	100.0
	Mitsui E&P Italia A S.r.l.	Exploration, development and production of oil and natural gas	Italy	100.0
	AWE Pty Ltd.	Exploration, development and production of oil and natural gas	Australia	100.0
	MOEX North America LLC	Exploration, development and production of oil and natural gas	U.S.A.	100.0
	Mitsui & Co. Energy Trading Singapore Pte. Ltd.	Global trading of crude oil, petroleum products and LNG	Singapore	100.0
	Mitsui & Co. LNG Investment USA LLC	Investment in natural gas liquefaction business in the U.S.A. and sales of LNG	U.S.A.	100.0
	Mitsui & Co. Energy Marketing and Services (USA), Inc.	Trading of Natural Gas, Power and Oil	U.S.A.	100.0
	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	The Netherlands	100.0
	MyPower Corp.	Investment and management of power related business in the United States	U.S.A.	100.0
Machinery & Infrastructure	Portek International Private Limited	Development and operation of container terminal	Singapore	100.0
	Mit-Power Capitals (Thailand) Limited	Investment in cogeneration service business in Thailand	Thailand	100.0
	Mitsui & Co. Middle East and Africa Projects Investment & Development Limited	Infrastructure project development and asset management in Middle East and Africa	United Arab Emirates	100.0
	MITSUI GAS E ENERGIA DO BRASIL LTDA.	Gas distribution businesses in Brazil	Brazil	100.0
	Ecogen Brasil Solucoes Energeticas S.A.	Cogeneration service business in Brazil	Brazil	100.0
	MIZHA ENERGIA PARTICIPACOES S.A.	Investment in power producing business in Brazil	Brazil	100.0
	ATLATEC, S.A. de C.V.	Water engineering company	Mexico	96.4
	KARUGAMO ENERGY MANAGEMENT PTY. LIMITED	Investments in power generation and energy service business	Australia	100.0
	Mitsui & Co. Plant Systems, Ltd.	Sales of various plants, electric power facilities and transportation equipment	Japan	100.0
	Tokyo International Air Cargo Terminal Ltd.	Operation of air cargo terminal at Tokyo International Airport	Japan	100.0
	Mitsui Water Holdings (Thailand) Ltd.	Investment in water supply business	Thailand	100.0
	Guarana Urban Mobility Incorporated	Investment in passenger transportation business in Brazil	Japan	57.6

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	GUMI BRASIL PARTICIPACOES S.A.	Investment vehicle of Guarana Urban Mobility Inc in Brazil	Brazil	100.0
	Toyota Chile S.A.	Import and sales of automobiles and auto parts in Chile	Chile	100.0
	Mitsui Automotriz S.A.	Retail sales of automobiles and auto parts	Peru	100.0
	PT. Bussan Auto Finance	Motorcycle retail finance	Indonesia	65.0
	BUSSAN AUTO FINANCE INDIA PRIVATE LIMITED	Motorcycle retail finance	India	80.0
	MITSUI AUTO FINANCE CHILE LTDA.	Automobile retail finance	Chile	100.0
	Mitsui Auto Finance Peru S.A.	Automobile retail finance	Peru	100.0
	HINO MOTORS SALES MEXICO, S.A. DE C.V.	Sales of truck, bus of HINO brand	Mexico	65.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0
	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	KOMEK MACHINERY LLC	distributor of KOMATSU in Russia (certain area)	Russia	80.0
	KOMEK MACHINERY Kazakhstan LLP	distributor of KOMATSU in Kazakhstan	Kazakhstan	95.0
	Veloce Logistica SA	Auto parts logistics	Brazil	100.0
	MBK USA Commercial Vehicles Inc.	Investment in US truck leasing and logistics business	U.S.A.	100.0
	MITSUI & CO. MACHINE TECH LTD.	Sales of machine tools and peripheral equipment	Japan	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	100.0
	OMC SHIPPING PTE. LTD.	Shipping business	Singapore	100.0
	ORIENT MARINE CO., LTD.	Shipping business	Japan	100.0
	M&T AVIATION FINANCE (IRELAND) LIMITED	AIRCRAFT LEASING	Ireland	100.0
	M&T AVIATION LIMITED	AIRCRAFT TRADING	Ireland	100.0
	Mitsui Rail Capital Holdings, Inc.	Railcar leasing and management in North America	U.S.A.	100.0
	Mitsui Rail Capital Europe B.V.	Locomotive leasing and management in Europe	The Netherlands	100.0
	Mitsui Bussan Aerospace Co., Ltd.	Import and sales of helicopters and defense and aerospace products	Japan	100.0
Chemicals	Mitsui Bussan Chemicals Co., Ltd.	Domestic and foreign trade of solvents, industrial chemicals,etc.	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol production in Saudi Arabia and sales of products	Japan	55.0
	MMTX Inc.	Investment in methanol production business in the United States and sales of products	U.S.A.	100.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Intercontinental Terminals Company LLC	Terminal business for petroleum and petrochemical products	U.S.A.	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemicals	MITSUI & CO. PLASTICS LTD.	Domestic sales and import/export of plastics and other chemicals	Japan	100.0
	Mitsui Plastics Trading (Shanghai) Co.,LTD	Domestic sales and import/export of plastics and other chemicals	China	100.0
	Diana Elastomers, Inc.	Investment in synthetic rubbers producing and marketing business	U.S.A.	100.0
	Mitsui Bussan Packaging Co.,Ltd.	Domestic sales and import/export related to paper, pulp and packaging	Japan	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	MITSUI PLASTICS INC.	Domestic sales and import/export of plastics and other chemicals	U.S.A.	100.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	Certis U.S.A. L.L.C.	Manufacture and sales of biological crop protection products	U.S.A.	100.0
	Kocide LLC	Manufacture and sales of copper fungicides	U.S.A.	100.0
	Spiess-Urania Chemicals GmbH	Manufacture and sales of copper fungicides& copper chemicals	Germany	100.0
	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	B Food Science Co.,LTD.	Manufacturing and sales of ingredients of functional food, pharmaceuticals, and others	Japan	100.0
	Mitsui Agro Business S.A.	Investment in fertilizer producing business and sales of products in South America	Chile	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	80.0
	Consorcio Agroindustrias del Norte, S.A.P.I de C.V.	Sales of fertilizer and other agricultural inputs, provision of farming guidance services	Mexico	80.0
Lifestyle	XINGU AGRI AG	Production and merchandising of agriproducts	Switzerland	100.0
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	TOHO BUSSAN KAISHA, LTD.	Import and sales of agricultural and marine products	Japan	100.0
	PRIFOODS CO.,LTD	Production, processing and sales of broilers	Japan	46.5
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	50.9
	KASET PHOL SUGAR LIMITED	Production and sales of sugar	Thailand	68.6
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	100.0
	Mit-Salmon Chile SpA	Investment in salmon farming, processing and sales company	Chile	100.0
	Retail System Service Co., Ltd.	Sales of foods, groceries and services for retailers	Japan	100.0
	Bussan Logistics Solutions Co., Ltd.	Operation and management of logistics centers	Japan	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	VENDOR SERVICE CO., LTD.	Sales and distribution of food and packaging materials	Japan	100.0
	MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan	100.0
	Mitsui & Co. Retail Holdings Co., Ltd.	Management of wholesaler distribution companies	Japan	100.0
	WILSEY FOODS, INC.	Processed oil food business	U.S.A.	90.0
	MKU Holdings, Inc.	Investments in food and delicatessen manufacturing company	U.S.A.	80.0
	MAX MARA JAPAN CO., LTD.	Exclusive Distribution in Japan for Ladies' ready-to-wears produced by MAX MARA Italy	Japan	65.5
	MITSUI BUSSAN I-FASHION LTD.	Planning and management for production and procurement of apparel	Japan	100.0
	Paul Stuart, Inc.	Luxury clothing retailer	U.S.A.	100.0
	MicroBiopharm Japan Co., Ltd.	Manufacture and sales of medicines and chemicals	Japan	80.0
	Mitsui & Co. Foresight Ltd.	Property management	Japan	100.0
	UHS Partners, Inc.	Investment in healthcare staffing business	U.S.A.	100.0
	MBK HEALTHCARE MANAGEMENT PTE. LTD.	Healthcare related business	Singapore	100.0
Innovation & Corporate Development	MITSUI KNOWLEDGE INDUSTRY CO.,LTD.	ICT services, Consulting, system and network integration	Japan	100.0
	Mitsui Bussan Secure Directions, Inc.	Cyber security business	Japan	100.0
	World Hi-Vision Channel,Inc.	Operating a Broadcasting Satellites channel	Japan	100.0
	M&Y Asia Telecom Holdings Pte. Ltd.	Investments in mobile network operator business in Cambodia	Singapore	75.0
	Mitsuibussan Insurance Co., Ltd.	Non life and life insurance agency services	Japan	100.0
	Mitsui & Co. Alternative Investments Ltd.	Securities and investment management firm specializing in the alternative investments.	Japan	100.0
	Mitsui & Co. Asset Management Holdings LTD.	Real estate asset management	Japan	100.0
	SABRE INVESTMENTS, LLC	Vehicle for the investment in a real asset owner and operator in US.	U.S.A.	100.0
	MITSUI & CO. REAL ESTATE LTD.	Real estate sales, leasing and brokerage	Japan	100.0
	MBK Real Estate Asia Pte. Ltd.	Real estate development, sales, leasing and brokerage	Singapore	100.0
	MBK Real Estate Holdings Inc.	Real estate-related business	U.S.A.	100.0
	Mitsui & Co., Principal Investments Ltd.	Investment in private equity	Japan	100.0
	MITSUI & CO. Global Investment, Inc.	Operation of Venture Capital Fund	U.S.A.	100.0
	Mitsui Bussan Commodities Ltd	Trading of energy and basemetal derivatives	United Kingdom	100.0
	Mitsui & Co. Global Logistics, Ltd.	Domestic warehousing businesses and international integrated transportation services	Japan	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
All Other	MITSUI & CO.(U.S.A.), INC.	Trading	U.S.A.	100.0
	MITSUI & CO. (CANADA) LTD.	Trading	Canada	100.0
	MITSUI & CO. (BRASIL) S.A.	Trading	Brazil	100.0
	MITSUI & CO. EUROPE PLC	Trading	United Kingdom	100.0
	MITSUI & CO. DEUTSCHLAND GMBH	Trading	Germany	100.0
	MITSUI & CO. BENELUX S.A./N.V.	Trading	Belgium	100.0
	MITSUI & CO. ITALIA S.P.A.	Trading	Italy	100.0
	MITSUI & CO. (MIDDLE EAST) LTD.	Trading	United Arab Emirates	100.0
	MITSUI & CO. (ASIA PACIFIC) PTE. LTD.	Trading	Singapore	100.0
	MITSUI & CO., (THAILAND) LTD.	Trading	Thailand	100.0
	Mitsiam International Ltd.	Trading	Thailand	75.1
	MITSUI & CO. (AUSTRALIA) LTD.	Trading	Australia	100.0
	MITSUI & CO. (HONG KONG) LTD.	Trading	China	100.0
	Mitsui & Co. (China) Ltd.	Trading	China	100.0
	Mitsui & Co. (Shanghai) Ltd.	Trading	China	100.0
	MITSUI & CO. (TAIWAN) LTD.	Trading	Taiwan	100.0
	MITSUI & CO. KOREA LTD.	Trading	Korea	100.0
	MITSUI & CO. BUSINESS PARTNERS LTD.	Provision of HR & GA services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui & Co. Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui & Co. Financial Management, Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0

* Mitsui & Co. Mineral Resources Development (Latin America) Ltd.,Tokyo International Air Cargo Terminal Ltd., and MEP Texas Holdings LLC were in a financial condition with liabilities in excess of assets. The amount of negative net worth as of March 31, 2021 were ¥130,100 million, ¥14,493 million and ¥13,381 million, respectively.

(3) Major Equity Accounted Investees

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	*GRI Renewable Industries, S.L.	Manufacture of wind turbine towers and flanges	Spain	25.0
	NIPPON STEEL TRADING CORPORATION	Sales, export and import of steel products	Japan	20.0
	*Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
	*Gestamp North America, Inc.	Manufacture of automotive components	U.S.A.	30.0
	*Gestamp Holding Mexico, S.L.	Manufacture of automotive components	Spain	30.0
	*Gestamp Brasil Industria De Autopecas S.A.	Manufacture of automotive components	Brazil	17.9
	*Gestamp Holding Argentina, S.L.	Manufacture of automotive components	Spain	30.0
	GESTAMP 2020, S.L.	Investment in Manufacture of automotive components	Spain	25.0
	*NuMit LLC	Investment in steel processing company	U.S.A.	50.0
	GEG (Holdings) Limited	Fabrication, upgrading, inspection and maintenance of welded structures	United Kingdom	25.5
	SIAM YAMATO STEEL COMPANY LIMITED	Manufacture and sales of steel products	Thailand	20.0
Mineral & Metal Resources	*Inner Mongolia Erdos Electrical Power & Metallurgical Group Limited By Shares	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	20.2
	BHP Mitsui Coal Pty Ltd	Mining and sales of Australian coal	Australia	16.8
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminum smelting business in Brazil	Japan	20.9
Energy	*ENEOS GLOBE Corporation	LPG imports and marketing	Japan	30.0
	*JAPAN ARCTIC LNG B.V.	Exploration, development and sales of crude oil and natural gas in Russia	The Netherlands	50.0
	*Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0
	*Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas	United Kingdom	50.2

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	P.T. PAITON ENERGY	Power generation in Indonesia	Indonesia	45.5
	*3B POWER SDN. BHD.	Power Generation in Malaysia	Malaysia	50.0
	*SAFI ENERGY COMPANY	Energy Company of SAFI Project in Morocco	Morocco	30.0
	*MAP Inland Holding Company Limited	Investment in power generation business in Oman	United Arab Emirates	52.7
	*MAP Coastal Holding Company Limited	Investment in power generation business in Oman	United Arab Emirates	52.7
	DHOFAR GENERATING COMPANY SAOG	Oman Gas fired IPP	Sultanate of Oman	27.0
	*Caitan SpA	Chile desalination and conveyance service business	Chile	50.0
	*IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	Fukushima Gas Power Co., Ltd.	Gas-fired Power Generation Business in Soma, Fukushima prefecture	Japan	28.7
	India Yamaha Motor Private Limited	Manufacture and sales of motorcycles	India	15.0
	*TOYOTA MANILA BAY CORPORATION	Retail sales of Toyota cars	Philippines	40.0
	*HINO MOTORS SALES (THAILAND) LTD.	Wholesale of Hino vehicles and parts in Thailand	Thailand	43.0
	TAIYOKENKI RENTAL CO.,LTD	Rental of construction machinery	Japan	25.9
	KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD	Sales of construction and mining equipment	Australia	40.0
	VLI S.A.	Integrated freight transportation business in Brazil	Brazil	20.0
	Penske Automotive Group, Inc.	Diversified international transportation services	U.S.A.	16.5
	*lnversiones Mitta SpA	Chilean automobile lease and rental business	Chile	49.0
	*WILLIS MITSUI & CO ENGINE SUPPORT LIMITED	Aircraft engine leasing	Ireland	50.0
Chemicals	Kansai Helios Coatings GmbH	Manufacturing and sales of coatings, plastic resins, adhesives and others.	Austria	20.0
	HEXAGON COMPOSITES ASA	Manufacturer of fiber reinforced pressure cylinders	Norway	22.9
	LABIX Company Limited	Manufacture and sales of Linear Alkyl Benzene	Thailand	25.0
	*SMB KENZAI CO.,LTD.	Sales of building materials and contract of construction work	Japan	36.3
	*OURO FINO QUIMICA S.A.	Manufacture and sales of crop protection in Brazil	Brazil	20.0
	MVM Resources International B.V.	Investment in a phosphate rock mining project in Peru	The Netherlands	25.0
	*ITC RUBIS TERMINAL ANTWERP NV	Terminal business for petroleum and petrochemical products	Belgium	50.0
	*PT Kingsford Holdings	Investment in packaging materials producing and marketing business	Indonesia	40.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	FEED ONE CO., LTD.	Manufacturing and sales of compound feedstuffs	Japan	25.1
	Mitsui Sugar Co., Ltd.	Manufacturing and sales of refined sugar, sugar products and food ingredients	Japan	33.6
	BIGI HOLDINGS CO., LTD.	Clothing manufacturing and sales business	Japan	33.4
	ALCANTARA S.P.A.	Manufacturing and sales of the "Alcantara" branded material	Italy	30.0
	PHC Healthcare Holdings Corporation	Development, manufacture and sales of various health care equipment and services	Japan	21.5
	IHH Healthcare Berhad	Provider of healthcare services	Malaysia	32.9
	*AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	*ARAMARK Uniform Services Japan Corporation	Rental and sales of uniforms	Japan	39.2
Innovation & Corporate Development	Relia Inc.	Contact center business	Japan	35.5
	QVC JAPAN INC.	Direct Marketing Business which is mainly composed of TV shopping	Japan	40.0
	NAAPTOL ONLINE SHOPPING PRIVATE LIMITED	TV Shopping business in India	India	27.9
	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	31.4

* The companies with an asterisk, accounted for using the equity method, are joint ventures in accordance with IFRS 11 “Joint Arrangements.” For more information, see Note 2, “BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

* Anglia Rail Holdings Ltd. was in a financial condition with liabilities in excess of assets. The amount of negative net worth as of March 31, 2021 was ¥16,847 million.

* Mitsui Sugar Co., Ltd. became a wholly owned subsidiary of Mitsui DM Sugar Holdings Co., Ltd. with effect from April 1, 2021, as result of it's business integration with Dai-Nippon Meiji Sugar Co., Ltd.

(4) Other Affiliated Companies

Not applicable.

5. Employees

(1) Mitsui & Co., Ltd. and Subsidiaries

As of March 31, 2021

Operating Segment	Number of Employees	
Iron & Steel Products	1,257	(156)
Mineral & Metal Resources	624	(44)
Energy	980	(122)
Machinery & Infrastructure	16,249	(1,503)
Chemicals	5,957	(558)
Lifestyle	9,798	(6,026)
Innovation & Corporate Development	6,406	(964)
All Other	3,238	(348)
Total	44,509	(9,721)

(Note) The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.

(2) Mitsui & Co., Ltd.

As of March 31, 2021

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
5,587	42.1	18 years 3 months	14,825

Operating Segment	Number of Employees
Iron & Steel Products	288
Mineral & Metal Resources	281
Energy	435
Machinery & Infrastructure	828
Chemicals	749
Lifestyle	883
Innovation & Corporate Development	476
All Other	1,647
Total	5,587

(Notes) 1. The number of employees includes 1,311 seconded employees. However, 425 contract workers (including 125 workers seconded to Mitsui from outside Mitsui) and 168 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

All references to “Note” throughout “2. Operating and Financial Review and Prospects” relate to the Notes to Consolidated Financial Statements contained elsewhere in this report.

1. Management Policies, Operating Environment, and Management Issues

This Management Policies, Operating Environment, and Management Issues section contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements involve assumptions, risks, uncertainties and other factors, including, but not limited to, those described in “2. Risk Factors.” Such risks, uncertainties and other factors may cause our actual results to be materially different from any future results expressed or implied by these forward-looking statements.

(1) Progress of Medium-term Management Plan

In the fiscal year ended March 31, 2021, which was the first year of Mitsui’s Medium-term Management Plan, “Transform and Grow,” announced in May 2020, despite the impact of COVID-19 pandemic, we steadily implemented projects, adapted our portfolio to maintain competitiveness in a changing business environment, and strengthened our profit base. The major progresses were as follows.

1) Steady Advancement of Projects and Realizing Stronger Profitability

Amid the impact of the COVID-19 pandemic, all our operating segments contributed qualitatively and quantitatively to performance by supporting the stable supply of resources, materials, food, and services essential for daily life. In the Mineral & Metal Resources Segment, we maintained and expanded reserves at our Australian iron ore operation, which is Mitsui’s largest source of profit, and in the Energy Segment, we commenced full production on all trains at the Cameron LNG project in the U.S. and made a final investment decision for the gas field development project in Western Australia. We made steady progress on projects in all our main operations, including IPP business in the Machinery & Infrastructure Segment, agricultural chemicals and agricultural materials business in the Chemicals Segment. We were also able to capture demand arising from “stay at home” consumption during the pandemic and digital security needs to enhance profitability.

Our new business endeavors included incubation of more than 20 projects at our subsidiary Moon Creative Lab Inc., whose mission is to develop new businesses from zero, and we also accelerated efforts to improve earnings and create business models at existing businesses through AI, robotics, big data, and other digital technologies.

2) Initiatives to Resilience against Downward Pressure

To increase our resilience against downward pressure on profit, we made progress in revaluating our business and restructuring our portfolio. In the Mineral & Metal Resources Segment, we sold our Caserones copper mining operations in Chile, reached agreement on the sale of our Moatize coal mine and Nacala corridor rail & port infrastructure projects, and acquired additional interests in the Collahuasi copper mine in Chile. In the Energy Segment, aiming for transition to a decarbonized society, we implemented a strategy to increase E&P asset value by pursuing quality over quantity. As a reorganization of existing domestic business groups, in the Lifestyle Segment, we established Mitsui & Co. Retail Holdings with the aim of consolidating distribution subsidiaries, merged Mitsui Sugar and Dai-Nippon Meiji Sugar to restructure the sugar industry, pursued merger options in the apparel industry, and in the Innovation and Corporate Development Segment, we merged ICT-related subsidiaries Mitsui Knowledge Industry and Mitsui Bussan Electronics. In the U.S., we also reorganized our oil and gas subsidiaries in the Energy Segment. Collectively, these measures to reconfigure and restructure existing businesses are accelerating our strategy to improve downward resilience and strengthen competitiveness.

Accordingly, despite large changes to the business environment caused by the COVID-19 pandemic during the fiscal year ended March 31, 2021, we were able to strengthen resilience in each operational area through structural reform and other measures to build cost competitiveness.

3) Strengthening Business Management Capabilities and Promotion of DX

With the shift to our redeveloped head office in May last year, we took the opportunity to increase the use of digital work processes, introduce group address system (free address within each organizational unit) and adopt other methods to reform our way of working. We also introduced a revised personnel system informed by a commitment to outcomes and other measures to promote next-generation working styles even after the COVID-19 pandemic is contained. Further, with the aim of ensuring optimal resource allocation throughout our global group, we enhanced our global next-generation leadership development program and introduced a set of global core behaviors (“Mitsui Leadership in Action”) based on our corporate Mission, Vision and Values (“MVV”).
Measures we took to strengthen management capabilities included introducing case-study based training programs to foster business managers, adopting new share option compensation systems for employees, and other initiatives to promote commitment to achieving medium- to long-term management targets and increasing enterprise value at affiliated companies. We also introduced an internal ROIC (Return on Invested Capital) index on a company-wide basis to increase focus on earnings and capital efficiency.

4) Evolution of Financial Strategy and Portfolio Management

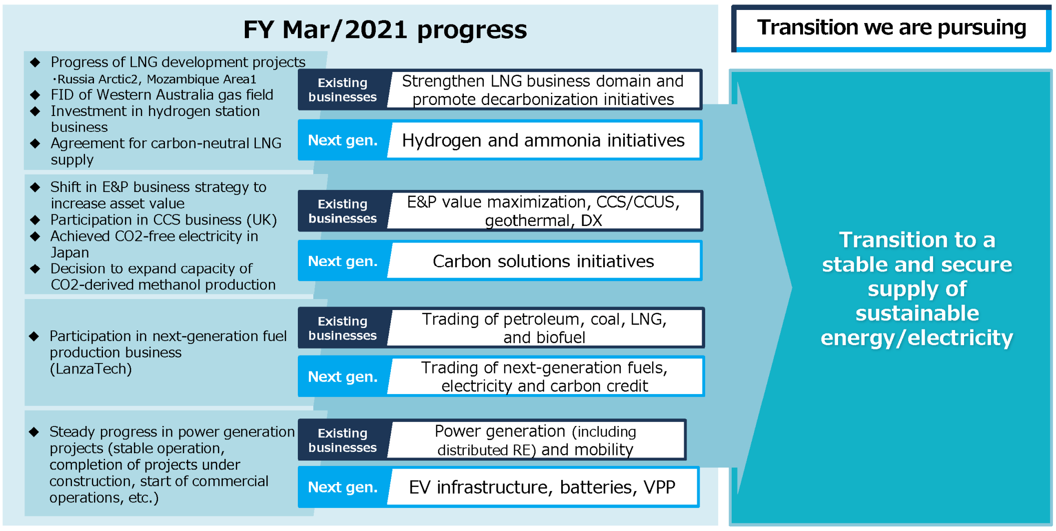
As a result of decisive measures to recover from the economic impact of the COVID-19 pandemic, along with strong iron ore business, active trading in materials, food, and other goods, and contributions from ICT and digital security business, we grew Core Operating Cash Flow to ¥660.0 billion, which in combination with asset recycling of ¥145.0 billion led to total cash inflows for the period of ¥805.0 billion. Moreover, through strict selection of projects and ongoing measures to reduce costs at existing operations, financing outflows were restricted to ¥445.0 billion.
While maintaining a strong focus on cash generation capacity and improvement in capital efficiency, the Company implemented a ¥5 annual dividend increase to ¥85 per share that, when combined with share buybacks, equates to total returns to shareholders of ¥210.0 billion.

5) Strategic Focus

Our progress in the three initiatives focused in the Medium-term Management Plan is as follows:

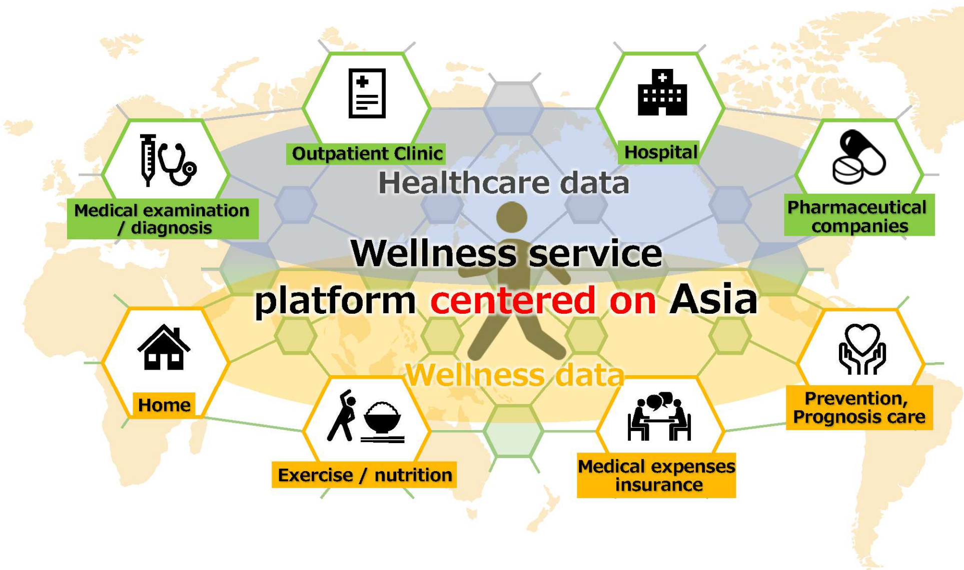
Key Initiative (a): Energy Solutions

As part of our efforts to address climate change, we made steady progress in the development of the Russia Arctic LNG 2 project and the Mozambique Area 1 project, both of which are LNG projects that will play an important role in energy transition for reduction of greenhouse gas emission, and we also supplied Japan's first carbon-neutral LNG. In addition, we made progress in the field of next-generation fuel, including activities in FirstElement Fuel, a hydrogen station operator based in California, bioethanol initiatives with LanzaTech in China, and participation in the bio-jet fuel business LanzaJet. We have also made steady progress in renewable energy projects such as solar and wind power both in Japan and overseas, and decided to make our electricity use carbon neutral across all business locations in Japan. We will continue to leverage natural gas and power generation infrastructure business platform as our strength and contribute to the realization of a low-carbon society through these business initiatives.



Key Initiative (b): Healthcare/Nutrition

While IHH Group, part of Mitsui's hospital business, saw a decline in operation rates due to COVID-19, IHH strengthened its group management base through the introduction of online medical services to meet the needs for non-contact medical services, as well as cost reductions achieved through centralized group purchasing and increased cooperation between hospitals. In addition, with the ongoing paradigm shift in healthcare from "hospital-centered" to "individual-centered," Mitsui leveraged healthcare data to develop a foundation for growth. Seeking further growth, we aim to develop the largest wellness service platform in Asia by combining our existing, real-world business portfolio with advanced digital technologies through our global network of governments, medical institutions, pharmaceutical companies, and insurers.

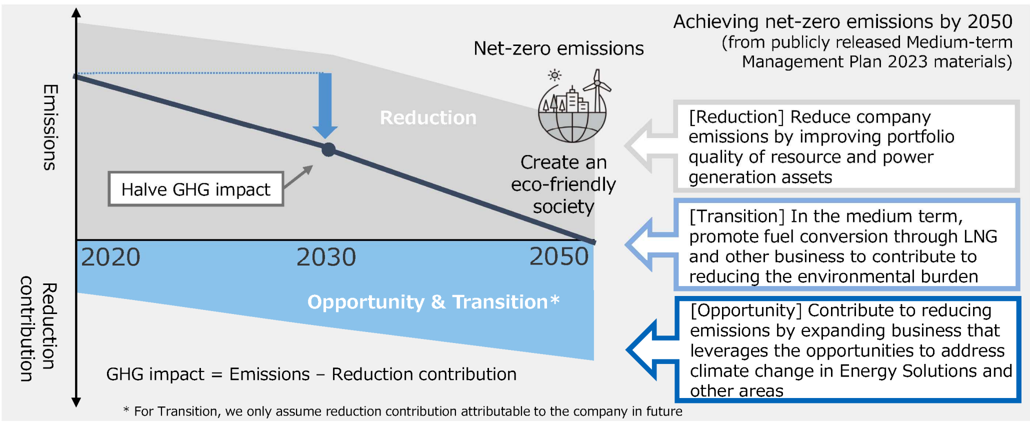


Key Initiative (c): Market Asia

In addition to maintaining and expanding our historically strong areas of resources and infrastructure, we worked to provide a stable supply of resources, materials, food, and services even under COVID-19. Moreover, we pursued consumers-related new business development opportunities, centered on the middle-income consumers that are driving high economic growth, with our agreement in April 2021 to subscribe to ¥100.0 billion convertible bonds of CT Corp, an Indonesia conglomerate which has dominant position in consumer-related sectors including finance, media, retail, property, hospitality, entertainment, and lifestyle. We will leverage CT Corp's strong business platform to enhance its corporate value, create joint businesses and aim for public offering by capturing the "growing Asian consumer market" and through cooperation between both companies.

6) Sustainability Management/Evolution of ESG

During the period of the Medium-term Management Plan, Mitsui is promoting further implementation of sustainability management, focusing on the three core issues of climate change, the circular economy, and business and human rights. For climate change, with the aim of achieving net-zero emissions by 2050 and halving our greenhouse gas (GHG) impact by 2030, we set 34 million tons as the GHG impact for our base year 2020. As we proactively tackle our afore-mentioned key initiative of Energy Solutions, Mitsui, as a company operating in wide range of businesses across the world, will undertake efforts to reduce GHG emissions for society as a whole while ensuring its economic viability. We will achieve this through various efforts including an internal carbon-pricing system introduced in fiscal year ended March 31, 2021.



[2020 GHG impact] Emissions: 36m tons, Reduction contribution: 2m tons, GHG impact: 34m tons

- Emissions are Scope 1/2 + Scope 3 (category 15)
- Reduction amount is from existing renewable energy business, forestry, and company-owned forests, etc.

To strengthen corporate governance, and as an effort to address issues identified in the evaluation of the effectiveness of the Board of Directors conducted in the fiscal year ended March 2020, Mitsui increased the number of opportunities for free discussion sessions with Directors and Audit & Supervisory Board Members to discuss themes related to company-wide strategy to two times per year, and held discussions on the following themes: "Sustainable revenue growth strategies considering ESG and our Materiality," "DX Strategy," and "Mitsui Engagement Survey (an engagement-related questionnaire survey of employees of the Company and its global group companies)." In addition, Mitsui clarified the expected roles of advisory committees and, for further improvement of the operation of Board of Directors meetings, Mitsui enhanced the quality of providing information through initiatives, such as enrichment of the information in materials provided at the Board of Directors meetings and extension and enhancement of the pre-briefing sessions, which contributed to more active discussions at the Board of Directors meetings. The result of these combined efforts was the improvement of the effectiveness of the Board of Directors.

(2) Operating Environment

1) General

Note: The following describes the understanding of the economic environments as of April 2021.
Descriptions included herein may differ from our current understanding.

In the year ended March 31, 2021, the global economy declined rapidly and significantly at the beginning of the fiscal year due to widespread restraints on economic activities, which included curfew in many countries due to the global spread of COVID-19. However, the overall economy subsequently rebounded as economic activities resumed intermittently depending on the spread of infection, and major economies such as the U.S. provided large-scale support for households and businesses and implemented financial measures.
In the U.S., the economic recovery trend is expected to strengthen due to large-scale economic measures by the new Biden administration and increasing vaccinations. In Europe, there are concerns that the economic recovery may be delayed as restraints on activities continue due to the resurgence in infections and the slowing pace of vaccinations in major countries other than the UK. In Japan, despite the recovery in exports, there are concerns about the resurgence of COVID-19 cases and the impact of reduced automobile production due to a global shortage of semiconductors. As a result, a full-fledged recovery is not expected until after the summer when more vaccinations are available. In China, in addition to an increase in exports, investment and consumer spending are recovering and the economic growth rate is expected to exceed the rate prior to the COVID-19 outbreak. In Russia and Brazil, although exports and consumer spending continue to recover, Brazil remains unable to stop the spread of infection and there are concerns that this will hinder the economic recovery.

The global economic recovery is expected to be boosted by additional economic measures in major countries as well as by widespread availability of vaccinations. China, which controlled the spread of infection during the early stage, is already on a recovery path, and the U.S., which is expanding large-scale financial measures, is expected to return to the level before the COVID-19 outbreak in the first half of the year. Then, Japan is expected to return to the pre-COVID-19 level by the end of the year and Europe by next year.

2) Iron & Steel Products

Global steel output for 2020 was generally at same level with the previous year at approximately 1.9 billion tons driven by China, which was able to bring the COVID-19 pandemic under control relatively quickly. Despite continuing excessive steel supply mainly from Chinese steel manufacturers, which account for almost half of the global steel output, market conditions have improved amid strong demand from China and the recovery of the global economy. However, the restructuring of the steel industry is progressing, particularly in Japan, which could lead to even more intensified reorganization among steel distributors. Also, the impact on demand for steel caused by the resurgence of COVID-19 needs to be watched carefully.
Over the medium- to long-term, the domestic iron and steel market is expected to shrink in Japan due to population decline, among other factors. However, we anticipate that Asia will drive increased demand overseas for iron and steel products. Also, many business opportunities are expected to arise amid accelerating local supply for local demand and the shift toward a decarbonized society.

3) Mineral & Metal Resources

Market conditions remain favorable, especially for iron ore and copper, as China was able to bring the COVID-19 pandemic under control relatively quickly, and the economies of major countries such as the U.S. begin to rally. Steel and non-ferrous metals are core industrial materials and demand for these materials is likely to grow over the long term as the global economy grows and progress is made toward a low-carbon society. Nevertheless, demand is expected to tighten over the long term due to supply shortages resulting from rising development and production costs, depletion of quality minerals from existing mines, and limited availability of high-quality undeveloped projects. Although there are scenarios in which demand for steel could slow, stable supplies of cost-competitive raw materials will continue to be required. In addition, as the need to alleviate the environmental burden accelerates, we are seeing rising demand in areas such as resource recycling, green materials, and the reduction of greenhouse gas emissions across the entire value chain.

4) Energy

Although it is important to carefully monitor supply and demand trends such as falls in energy demand triggered by the spread of COVID-19, changes in consumer behavior patterns, and cooperative production cuts among major oil-producing countries, in the medium- to long-term, energy demand is expected to increase along with population and economic growth around the world. However, due to factors such as the introduction of new policies to tackle climate change, there is a variety of viewpoints regarding future energy composition, and the need for a balance of `Cleaner Energy` and `More Energy` is growing. Therefore, it is important for us to build a strong portfolio of cost competitive assets by advancing a Mitsui-style energy transformation toward realizing a low-carbon/decarbonized society, steadily establishing development projects, and maximizing the value of existing businesses.

As demand for crude oil is expected to increase in the medium to long term, we anticipate that oil prices will follow a gentle uptrend mainly due to the effect of slowed-down development by restrained new upstream investment and the necessity of transferring development activities to higher cost fields. At the same time, we need to carefully monitor potential decreases in demand for oil caused by factors such as the prolongation of the COVID-19, rapid growth in sales of EVs, and tightening of environmental regulations.

The LNG market is expected to grow steadily due to market expansion in emerging countries and its relatively low atmospheric pollutant and greenhouse gas emission factors. Within this environment, the impact of COVID-19 and other factors have caused delays in new project development plans and final investment decisions across the board, so the balance of supply and demand is expected to remain tight until around 2025.

In the upstream and midstream business, including E&P and LNG projects, we are strengthening our independent approach by advancing initiatives including tackling environmental issues, such as reducing greenhouse gas emissions, and improving capital efficiency. We will also continue to establish a solid portfolio with a strong resilience to downturns in the market. We are also continuing to expand and enhance the quality of our LNG sales portfolio, which contributes to maximizing the value of the business.

As the business of responding to climate change transforms into a new growth area as evidenced by factors like various countries promoting the introduction of green energy as a measure to boost recovery from COVID-19, renewable energy usage becoming more widespread, the transition to cleaner fuel, the electrification of mobility, and the popularization of hydrogen fuel cell vehicles, we are seeing the expansion and acceleration of initiatives in the energy solutions field, centered on integrated energy services and next-generation fuels.

5) Machinery & Infrastructure

There are signs of recovery from the deterioration in economic activity and waning demand caused by COVID-19. Demand for the development of core infrastructure such as power, logistics, and communications in emerging countries backed by rapid population growth and economic development as well as demand for the repair and renewal of aging infrastructure in developed countries will persist over the medium- to long-term. Moreover, major changes to the structure of industry are ongoing, driven by rising awareness of ESG issues, technological innovation, progression of digital economies, a surplus of funding in the capital markets, acceleration in the development of AI and IoT, and the emergence of huge digital platforms.

Power demand continues to gradually recover following a slowdown caused by COVID-19 and the increase in demand for renewable energy is being accelerated by a trend toward decarbonization. Moreover, high growth is expected in the future for energy as electric power, which has become decentralized and more service-oriented as digital technology/digital transformation (DX) and low-carbon-society movements merge, and in the New Downstream, which encompasses multiple fields, particularly the Mobility field.

In the logistics field, the spread of COVID-19 has caused trade volumes to fall around the world, but a recovery has already started. Expected medium- to long-term growth in internal demand and consumption, driven by the expansion of the middle class, particularly in emerging countries, will support stable demand for logistics infrastructure.

In the field of communications, continued growth in demand is anticipated for the digital infrastructure that will support the further acceleration in increases in data volume being driven by lifestyle shifts amid the spread of COVID-19.

In mobility, production was halted in countries around the world during the first half of 2020 as the impact of COVID-19 led to lockdowns and new car sales temporarily decreased by almost half compared to the previous year. In the second half of the year global demand for cars recovered rapidly, but the COVID-19 and semiconductor shortages have had a marked effect worldwide since the start of 2021 and auto manufacturers have been forced to curtail production again. The industry is gradually becoming

polarized, with some manufacturers recovering quickly while others continue to struggle. A decline in passenger numbers means that difficult conditions continue for the airlines and railways industries. On the other hand, for construction and mining machinery, which are essential businesses that sustain social infrastructure, demand is recovering, especially in Asia and the Americas, and a return to pre-COVID-19 levels is expected in the latter half of 2021.
Within this environment, subsidiaries and associated companies are pursuing leaner management through cost reductions and various streamlining initiatives. Going forward, these short-term response measures will need to continue alongside medium- to long-term initiatives oriented toward the post-COVID-19 world. For example, the COVID-19 has exposed supply chain issues and various new needs have emerged as lifestyles change and people adjust to a new normal with fewer opportunities for movement.
Furthermore, a decline in demand for mass public transit and an increase in demand for private mobility is anticipated, and the boom in technological innovation to improve productivity and address labor shortages, such as digitalization and automation, is expected to reach new levels. In addition to this, as environmental regulation tightens and awareness of ESG grows, a further increase in demand is forecasted for infrastructure services related to movement and transportation, including services that contribute to environmental conservation through energy conservation, new fuel sources, and electrification.
Business opportunities that utilize outer space and demand for peripheral services are expected to grow, and mobility markets that provide platforms centered around services to end users will continue to expand.

6) Chemicals

Sustainability, including responding to climate change, is becoming more important and establishing a circular economy and carbon management are essential issues for the chemicals industry. As the growth in demand for petroleum products slows, the "Oil to Chemical" movement, in which oil refineries are shifting to chemical production, is accelerating, and further changes in market structure, including trade flows, are anticipated.
In the performance materials business area, we are focusing on technological innovation in materials along with potential regulations to realize recycling and low-carbon societies, changes in consumer needs to improve health and quality of life, and the implementation of new digital technologies such as AI and 5G.
In the business areas of agricultural chemicals, and wellness and nutrition science, the need for increased food production due to world-wide growth in population and the global economy, and the demand for high value-added food due to the increase in middle income earners and an improved awareness towards health, are both increasing significantly. Therefore, we foresee continued market expansion.
While essential businesses, such as those related to food and agriculture, performed steadily, the impact of COVID-19 varies from country to country, region to region, and product to product, and global recovery from the COVID-19 is expected to take time. We are monitoring the changes in social behavior caused by the COVID-19, such as the advance of digitalization.

7) Lifestyle

Although the global spread of COVID-19 has reduced consumer demand, business activity is recovering following the roll out of vaccinations and in Foods, demand for foods is anticipated to continue to increase amid worldwide population growth. In emerging countries, desire-based consumption, such as for proteins and discretionary foods, is expected to continuously grow, driven by populations and income growth. In developed countries, there is an improved awareness toward health and the environment, and we forecast that needs for functional foods, fat and sugar substitutes, and food safety will become more diverse and sophisticated. Also, concerns regarding declines in production and changes to suitable agricultural land due to climate change are expected to increase the need for further production increases through innovation in production technology, reductions in environmental impact, and the securing and stable supply of food resources.
In retail, consumption in Japan's consumer market is expected to slow down at a moderate pace due to a declining birthrate and a population that is contracting and aging, but the e-commerce market, including fashion e-commerce sites, food delivery, and online supermarkets, is growing rapidly due to changes in consumer buying behavior driven by the accelerated development of DX and changes in lifestyles. Against a backdrop of increasing consumer interest in "health, environment, and sustainability," particularly among Millennials and Generation Z, there are substantial changes in the quality required of products and services. Overseas, the transfer of production sites from China to other Asian countries is accelerating.
In Healthcare and Wellness, medical expenditures continue to increase in accordance with changes in disease patterns due to population growth in emerging countries in Asia, aging of populations in developed countries, and an increase in chronic disease patients accompanying economic development. Growth of the middle-income class and the spread of COVID-19 are also creating an improved awareness toward health and there is demand for curtailing ballooning medical expenditures and using digital technology. Going forward we expect to see the further acceleration of changes such as the introduction of remote

diagnostics, transformation through digital technologies, including the use of healthcare data and AI, a shift to outcome-driven practices aimed at streamlining healthcare costs, and the expansion of wellness services including pre-symptomatic and preventive care.

8) Innovation & Corporate Development

In the business area of ICT, the digitalization of society has produced a wide variety of data through the use of IoT/AI and cloud services and the transformation of consumer services. We are increasingly required to convert these data into worthy services. Furthermore, since the spread of COVID-19 has changed lifestyles and working styles significantly, new “contactless” services are emerging alongside a need for more advanced measures to counter growing cybersecurity risks.

In the business area of Corporate Development, the investment landscape is continuously evolving due to innovation in technology and growing awareness of harmony with the environment, and investment decision-making that takes into account changes in the macro economy and equity/commodity markets is becoming ever more important. Also, the accelerating shift in consumer activity toward e-commerce is expected to expand the need for order fulfillment functions.

(3) FY Mar/2022 Business Plan

We will continue to promote the key initiatives of the Medium-term Management Plan, planning to achieve Core Operating Cash Flow of ¥680 billion with profit of ¥460 billion. Both of these figures exceed the targets of the final year of the Medium-term Management Plan 2023 announced last year. We aim to achieve the quantitative targets of the Medium-term Management Plan ahead of schedule while aiming for even greater heights through the continuous realization of "Transform and Grow."

1) Action Plan for Fiscal Year Ending March 31, 2022

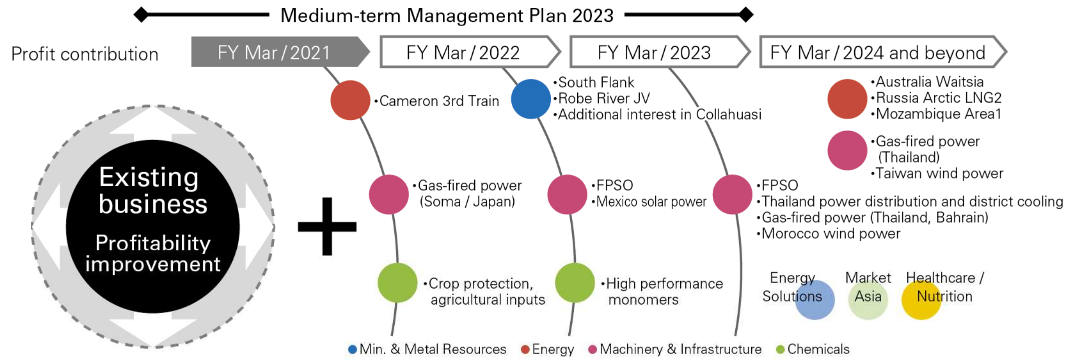
Even with the effects brought along by COVID-19, Mitsui will create business clusters of scale by reinforcing the strong existing core businesses and organically linking peripheral businesses, in addition to strengthening trading functions for materials, food, and others which contribute to the stable supply of essential products.In addition, we will continue to create opportunities for growth through our efforts in the areas of Energy Solutions, Healthcare/Nutrition, and Market Asia (designated as areas for Strategic Focus in the Medium-term Management Plan), the creation of new businesses by leveraging DX, and other initiatives.

Mineral & Metal Resources	■ Continue to maintain and expand the volume of reserve in the iron ore business and strengthen existing operations of the copper mines ■ Strengthen the recycling business and respond to a low-carbon society
Energy	■ Promote LNG development projects (Russia Arctic LNG2, Mozambique Area1) ■ Steady realization of E&P asset value ■ Accelerate initiatives in the energy solutions domain
Machinery & Infrastructure	■ Strengthen and expand portfolio and improve quality ■ Initiatives for B2B and next-generation mobility ■ Sharpen trading functions and create new businesses in environment, DX, space fields etc.
Chemicals	■ Promote new initiatives in emission management, circular economy, etc. ■ Accelerate business development in Asia and Japan in the area of wellness ■ Strengthen trading functions, bolt-on investments, and steady implementation of previously invested projects
Iron & Steel Products	■ Strengthen Gestamp earnings base ■ Strengthen comprehensive infrastructure maintenance business
Lifestyle	■ Sharpen trading functions ■ Create new businesses through collaboration with CT Corp ■ Strengthen cross-company initiatives in wellness business
Innovation & Corporate Development	■ Further strengthen existing earnings base as well as core affiliate companies ■ Create new businesses leveraging DX

2) Steady Advancement of Projects and Profit Contribution/Reinforcement of Domestic Business

In fiscal year ending March 31, 2022, we expect to launch projects in Mineral & Metal Resources, Machinery & Infrastructure, Chemicals, and other areas. We will reinforce our earnings base by making the utmost effort to ensure the steady launch of projects.

In Japan, we will accelerate our efforts to promote the reorganization of industry, partner with leading companies, and strategically allocate human resources.



Reinforcement of domestic business

Industry reorganization, Partnering with local leading companies, Accelerate initiatives by strategic allocation of personnel

FY Mar / 2021	FY Mar / 2022 and beyond
■ Reorganization and restructuring of existing business groups • Consolidation of subsidiaries of intermediary distribution (Mitsui & Co. Retail Holdings) • Merged apparel related business (MIF / Textile segment of Nippon Steel Trading Corporation) • Reorganization of domestic sugar industry (Merger of Mitsui Sugar and Dai-Nippon Meiji Sugar) • Establishment of subsidiary consolidating export and import businesses (Mitsui & Co., Retail Trading) • Reorganization of ICT related subsidiaries (Mitsui Knowledge Industry / Mitsui Bussan Electronics) ■ Enhancement of collaboration with leading companies in high performance monomers and cosmetics domains in Japan (Honshu Chemical / Ands) ■ Start of EC fulfillment company (RDS), Foundation of modern media company (Tastemade JV)	■ Reinforcement of existing business groups and promote continuous reorganization • ICT: Strengthen core affiliates etc. ■ Initiatives in new domains • Next generation mobility / EV charging infrastructure, EV battery • Wellness / promote digital business utilizing medical and health data • Crop protection / Reinforcement of seeds and agriculture infrastructure businesses • Energy Solution / Development of smart cities business

3) Update on Cash Flow Allocation (Cumulative Three Years of Medium-term Management Plan)

Based on results for fiscal year ended March 31, 2021 and our outlook, we have updated the cumulative three-year cash flow allocation of the Medium-term Management Plan announced in May last year.

While cash inflow is expected to increase, mainly reflecting an increase in Core Operating Cash Flow, we expect the total amount of investments and loans, largely for post-FID investment and maintenance capex, to be within the range of ¥1.5 trillion. This is based on a careful review that considered the reduction of capital expenditure and the certainty of execution of investments. As such, we expect to have additional capacity for growth investments and shareholder returns.

For the period of the Medium-term Management Plan, we have already allocated ¥140 billion for share buybacks and plan to allocate an additional ¥40 billion for dividend increases and ¥150 billion for growth investments including subscribing to convertible bonds for CT Corp (Group) as announced in April 2021.

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

Update on cash flow allocation (FY Mar/2021 – FY Mar/2023)

(Unit : ¥billion)

		Announced May 2020	Forecast as of April 2021
Cash-In	Core Operating Cash Flow	1,500.0	2,000.0
	Asset Recycling	900.0	650.0 - 750.0
Cash-Out	Post FID investment, maintenance CAPEX	1,500.0 - 1,700.0	1,500.0
	Growth investments (Strategic Focus/new) Share buybacks +additional dividend	300.0 - 500.0 Management allocation	750.0 - 850.0
	Dividend (minimum)	400.0	400.0 → 440.0

Allocation	
Growth investments	150.0
Share buybacks	140.0
Dividend increase	40.0

4) Profit Distribution Policy

For further information regarding shareholder return policy, see “4. Corporate Information, 3. Shareholder Return Policy.”

(4) Forecasts for the Year Ending March 31, 2022

1) Forecasts for the Year Ending March 31, 2022

[Assumption]	Forecast	Result
Exchange rate (JPY/USD)	105.00	105.94
Crude oil (JCC)	$61/bbl	$43/bbl
Consolidated oil price	$59/bbl	$46/bbl

(Billions of Yen)	March 31, 2022 Forecast	March 31, 2021 Result	Increase / (Decrease)	Description
Gross Profit	820.0	811.5	+8.5	
Selling, General and Administrative Expenses	(590.0)	(606.4)	+16.4	Absence of impairment losses
Gain (Loss) on Investments, Fixed Assets and Other	0	(54.4)	+54.4	Absence of impairment losses
Interest Expenses	(30.0)	(32.1)	+2.1	
Dividend Income	120.0	103.7	+16.3	Mineral & Metal Resources Segment Energy Segment
Profit (Loss) of Equity Method Investments	280.0	227.9	+52.1	Machinery & Infrastructure Segment Lifestyle Segment Iron & Steel Products Segment
Profit before Income Taxes	600.0	450.2	+149.8	
Income Taxes	(130.0)	(99.8)	(30.2)	
Non-Controlling Interests	(10.0)	(14.9)	+4.9	
Profit for the Year Attributable to Owners of the Parent	460.0	335.5	+124.5	

Depreciation and Amortization	300.0	273.6	+26.4	

Core Operating Cash Flow	680.0	658.1	+21.9	

- The forecast for the fiscal year ending March 31, 2022 is based on the assumption that the global economy will head for recovery, although there are disparities among countries and regions. Business performance is expected to rebound due to absence of the impairment losses recorded in the year ended March 31, 2021 in the Mineral & Metal Resources Segment, the Machinery & Infrastructure Segment and the Energy Segment. In addition, it is also expected that there will be a recovery in the Iron & Steel Products Segment and the Lifestyle Segment, which experienced a decline in demand and capacity utilization due to the COVID-19 pandemic.
- We assume foreign exchange rates for the year ending March 31, 2022 will be ¥105/US$, ¥80/AU$ and ¥19/BRL, while average foreign exchange rates for the year ended March 31, 2021 were ¥105.94/US$, ¥76.71/AU$ and ¥19.46/BRL. Also, we assume the annual average consolidated oil price applicable to our financial results for the year ending March 31, 2022 will be US$59/barrel, up US$13/barrel from the previous year, based on the assumption that the crude oil price (JCC) will average US$61/barrel throughout the year ending March 31, 2022.

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

(Billions of Yen)	Year ending March 31, 2022	Year ended March 31, 2021	Increase / (Decrease)	Description
Iron & Steel Products	10.0	2.1	+7.9	Absence of COVID-19 impact
Mineral & Metal Resources	260.0	179.9	+80.1	Absence of impairment losses
Energy	50.0	27.2	+22.8	Higher oil and gas prices Absence of impairment losses
Machinery & Infrastructure	80.0	45.9	+34.1	Absence of COVID-19 impact
Chemicals	40.0	43.5	(3.5)	
Lifestyle	20.0	12.7	+7.3	Absence of COVID-19 impact
Innovation & Corporate Development	30.0	50.2	(20.2)	Absence of FVTPL profit
Others / Adjustments and Eliminations	(30.0)	(26.0)	(4.0)	
Consolidated Total	460.0	335.5	+124.5	

The forecast for Core Operating Cash Flow by operating segment compared to the previous year is as follows:

(Billions of Yen)	Year ending March 31, 2022	Year ended March 31, 2021	Increase / (Decrease)	Description
Iron & Steel Products	5.0	2.0	+3.0	
Mineral & Metal Resources	290.0	308.1	(18.1)	AUD appreciation, tax payment
Energy	170.0	123.2	+46.8	Higher oil and gas prices
Machinery & Infrastructure	100.0	78.7	+21.3	Absence of COVID-19 impact
Chemicals	55.0	62.5	(7.5)	
Lifestyle	30.0	19.8	+10.2	Absence of COVID-19 impact
Innovation & Corporate Development	30.0	55.1	(25.1)	Absence of FVTPL profit
Others / Adjustments and Eliminations	0.0	8.7	(8.7)	
Consolidated Total	680.0	658.1	+21.9	

2) Key commodity prices and other parameters for the year ending March 31, 2022

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2022. 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, 2022				March 2022 Assumption		March 2021 Result
Commodity	Crude Oil/JCC		-	61		43
	Consolidated Oil Price (*1)		¥2.5bn (US$1/bbl)	59		46
	U.S. Natural Gas (*2)		¥1.1bn (US$0.1/mmBtu)	2.74		2.13 (*3)
	Iron Ore (*4)		¥2.2bn (US$1/ton)	(*5)		128 (*6)
	Coal	Coking	¥0.4bn (US$1/ton)	(*5)	←	119 (*7)
		Thermal	¥0.1bn (US$1/ton)	(*5)		69 (*7)
	Copper (*8)		¥0.7bn (US$100/ton)	7,650		6,169 (*9)
Forex (*10)	USD		¥2.6bn (¥1/USD)	105.00		105.94
	AUD		¥2.4bn (¥1/AUD)	80.00		76.71
	BRL		¥0.2bn (¥1/BRL)	19.00		19.46

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the Consolidated Oil Price, which reflects this lag. For the year ending March 2022, 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 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 2021 are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to December 2020.

(*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 2021 are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2020 to March 2021.

(*7) Coal results figures for the year ended March 2021 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 2021.

(*9) Copper results figures for the year ended March 2021 are the averages of the LME monthly average cash settlement prices for the period January to December 2020.

(*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.

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for profit for the year attributable to owners of the parent for the years ended March 31, 2021 and 2020 reported by overseas subsidiaries and equity accounted investees were ¥338.4 billion and ¥350.5 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on profit for the year attributable to owners of the parent for the year ending March 31, 2022.

(a) We aggregated a total projected profit for the year attributable to owners of the parent in the business plans of these companies covering the year ending March 31, 2022, according to their functional currencies. Firstly, we aggregated Australian dollar- and Brazilian real-denominated projected profit for the year attributable to owners of the parent of those companies using two currencies as functional currencies. Secondly, we aggregated the rest of the projected profit for the year attributable to owners of the parent from overseas subsidiaries and equity accounted investees as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation for sum of the above aggregated profit and the dividend received from major foreign investees by three categories.
Based on the analysis, yen appreciation of ¥1 against US$1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥2.6 billion. Likewise, appreciation of ¥1 against AUD1 and BRL1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥2.4 billion and ¥0.2 billion, respectively.

(b) Profit for the year attributable to owners of the parent from those mineral resources and energy producing companies are affected by the currency fluctuation between the US dollar as a contractual currency of sales contracts and the Australian dollar as a functional currency. Attention should be paid to this, in addition to the impact that is discussed in (a) above.

(c) Furthermore, some subsidiaries and equity accounted investees, including the mineral resources- and energy-related production companies, carry out hedging on the exchange rates between their functional currencies and the US dollar, which is the contract currency for sales contracts. There are also cases that they carry out exchange rate hedging for yen equivalence valuation of profit for the year attributable to owners of the parent that is denominated in foreign currencies. It is necessary to take the impact of these factors into consideration separately from the sensitivity resulting from the yen equivalence valuation of profit for the year attributable to owners of the parent in each of the three currencies mentioned in (a) above.

2. Risk Factors

For a wide variety of quantitative and qualitative risks which we face, each of the Corporate Staff Divisions cooperates by establishing various internal rules for risk management within their respective risk management areas, as well as conducting prior investigations and after-the-fact monitoring. We establish an integrated risk management system that has centralized control over the company-wide risks, which is centered around the Corporate Management Committee and the Portfolio Management Committee as an organization under the Corporate Management Committee. We identify important risks in light of the frequency of occurrence, expected damage scale, and company-wide risk tolerance and take corresponding measures. The important risks as of March 31, 2021 are as follows;

(1) Business Investment Risks

We are engaged in investment activities in various business by acquiring equity and shares. However, we are exposed to various risks related to business investments, such as the possible inability to recover our investments, exit losses, or being unable to earn the planned profits. Furthermore, we participate in various businesses directly or indirectly through joint ventures or by making strategic investments in other companies and business enterprises. The outcome of these joint ventures and strategic investments is unpredictable because:

- operational success is critically dependent on factors that are beyond our control such as the financial condition and performance of the partner companies or the strategic investees; or
- with respect to certain equity accounted investees, we may be unable to exercise adequate control over the management, operations and assets of the companies in which we invested or may be unable to make major decisions without the consent of other shareholders or participants due to lack of common business goals and strategic objectives with our alliance partners.

Any occurrence of these events could have a significant adverse effect on our operating results and financial condition.

We participate as a non-operator in many of exploration, development and production activities of mineral resources and oil and gas projects, which are becoming more significant to our operating results and financial condition. Under these circumstances, we carefully consider the business potential and profitability of projects based on the information and data provided by operators, who has the discretion to control operations of such projects, including decision-making for development and production. An operator's failure in managing those projects may adversely affect our operating results and financial condition significantly.

For these risks, new investment decisions are made based on analysis of qualitative factors as well as the required profitability ratio and other quantitative standards and we perform efficient asset replacement through our periodic monitoring each purpose of all investments and our determining turnaround plans or exit policies for unprofitable businesses and businesses falling below withdrawal standard cutoffs. In addition to the risk amount carried by assets on our consolidated statements of financial position, we assess and periodically monitor the amount of off-balance-sheet risk, such as market risk and guarantees, using a set standard and periodically stress test on our risk adjusted assets (*) for various scenarios, verifying the impact on the risk assets to shareholders' equity ratio.

(*) Risk adjusted assets refer to the maximum loss exposure and is calculated by multiplying assets including trade and other receivables, other investments, fixed assets and off-balance-sheet items such as guarantees by risk weights, which we have determined individually based on the potential risk of loss.

(2) Country Risks

Various types of businesses worldwide sometimes expose us to risks that could cause our receivables, investment, loans and other claimable assets extended to our customers and other parties in a foreign country to become uncollectable and/or the value of our inventories, fixed assets and other assets in the country to deteriorate due to government actions or changes in the political, economic or social conditions in the respective foreign country. Furthermore, some of our business activities may be exposed to concentration risk in particular industries located in specific regions or countries. For example:

- In Brazil, Chile and Russia, we have significant interests in the exploration, development, production and liquefaction of mineral resources and energy.
- In Malaysia, we have significant interests in the healthcare business across a large part of Asia.
- In Mozambique, we have significant interests in the development, production and liquefaction of energy.

Therefore, for country risks, we implement appropriate risk hedging measures according to the content of the project, such as usage of financing from Export Credit Agencies.

And we periodically grasp risk exposures such as receivables, investments, loans, and guarantees by every country that we hold positions as well as monitor for the country risk situation for each country except, in principle, for developed countries and implement risk-control policy at least once a year or whenever deemed necessary. Furthermore, our regular monitoring of our overall portfolio confirms the appropriateness of asset size in accordance with each country as well as each business area.

(3) Risks Regarding Climate Changes

Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as adoption and ratification of “Paris Agreement” at the 21st Conference of Parties (COP21) in United Nations U.N. Framework Convention on Climate Change.

As to physical risks that are likely to occur in the short term, among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are in the Atlantic and South Pacific oceans, respectively, may have an adverse effect on operations. In case production sites and infrastructure used for shipments such as roads, railways and ports, are seriously damaged, operations and shipments could stop for indeterminate periods until restoration work is completed. Therefore, our business operations are exposed to non-operation risk in the entire supply chain, such as the inability to receive the supply of raw materials, in the case that not only our investment but also our customers are seriously damaged. For these risks, we implement measures, such as insurance coverage, establishing a crisis management policy, and strengthening equipment, however, physical risks cannot be completely avoided and may have a significant adverse effect on our future operating results and financial condition.
Transition risks that are likely to occur in the medium-to-long term includes:

- Policy and Legal Risks: Changes in the energy and power source mix due to government policies in each country and introduction of government-imposed greenhouse gas emission restrictions including imposition of carbon tax, and emission credit could have a significant adverse effect on our operating results and financial condition of our businesses that use fossil fuel and emit a large amount of greenhouse gasses.
- Technology Risks: Introduction of new technologies that respond to climate change may cause changes in the supply and demand of existing products and services and deterioration of our interests, and could have a significant adverse effect on our future operating results and financial condition.
- Fund Procurement Risks: Low-carbon policies of financial institutions and insurance companies may cause risks that affect the procurement of funds.

We bear in mind the various climate change scenarios offered by the International Energy Agency, etc., and analyze the impact of such scenarios on our businesses. Over the long term, maintaining the existing portfolio could have a significant adverse effect on our operating results and financial condition. Therefore, to build an asset portfolio that can maintain and improve profits even under the 2℃ scenario by 2030, as part of Mitsui’s Goals in 2050, we set a goal of achieving net-zero emissions by 2050, with a 2030 milestone of reducing GHG impact by 50% compared to 2020.

Moreover, we introduced an internal carbon pricing system in order to increase resilience, and to accelerate the development of projects that contribute to reducing GHG emissions. For new business projects, we have added impact analysis of the 2.0℃ scenario into the project screening factors, as well as the validity of countermeasures in the event these risks are realized. We also apply the internal carbon pricing system for assessing risks in existing projects.

(4) Commodity Market Risks

We are engaged in trades in and, as the case may be, production of a variety of commodities in the global commodities market including mineral resources and energy products. Among others, operating results from our mineral resources and energy producing activities account for significant portion in our overall operating results. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, and exchange rate fluctuations. These factors are beyond our control.

Commodity price fluctuations directly affect revenues from the equity share of production at our subsidiaries and equity accounted investees. For the year ending March 31, 2022, we estimate that the impact of a change of US$1 per barrel in the crude oil prices and US$1 per ton in the iron ore prices on profit for the year attributable to owners of the parent would approximately be ¥2.5

billion and ¥2.2 billion, respectively. For further information about the impact of commodity price fluctuations on our operating results, see “1. Management Policies, Operating Environment, and Management Issues, (4) Forecasts for the Year Ending March 31, 2022” and “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020.”

We have formulated market risk management policies including commodity market risk and have established management systems at several levels. In particular, regarding commodity market risk, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge.
For the year ended March 31, 2021, although the commodity market saw fluctuation due to various factors including the COVID-19 pandemic, no major loss was recorded by the short-term price fluctuation in the trading businesses as a result of taking corresponding measures under our planned market risk management policies.

Furthermore, we use derivative instruments, such as swap contracts, as hedging instruments for hedge accounting to fix the expected future cash flows from forecasted transactions in marketable commodities.

For further information about risk management, see Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters” and “(7) Derivative instruments and hedging accounting.”

The unexpected market fluctuations may adversely affect our business, operating results and financial condition significantly, as follows:

- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment has been made, it may occur that the invested amount is not recoverable through sales of the produced products due to a fall in price or we may have difficulty in divesting our proprietary equity at a reasonable price.
- A decline in the value of our investments in LNG projects and other investments which are recognized to designate as at fair value through other comprehensive income (“FVTOCI”), could adversely affect our comprehensive income.

(5) Foreign Currency Risks

We are exposed to the exchange risk of assets and liabilities represented in foreign currencies. Exchange rate fluctuations may reduce the value of investments in overseas subsidiaries and associated companies as well as in FVTOCI, and adversely affect our accumulated other comprehensive income and financial condition significantly.

For the year ending March 31, 2022, we estimate that the impact on profit for the year attributable to owners of the parent of a change of ¥1 per US$ and ¥1 per AU$ in the USD/JPY and AUD/JPY would approximately be ¥2.6 billion and ¥2.4 billion, respectively. For further information about the impact of foreign exchange rate price fluctuations on our operating results, see “1. Management Policies, Operating Environment, and Management Issues, (4) Forecasts for the Year Ending March 31, 2022” and “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020.”

We have formulated market risk management policies including foreign currency exchanging risk and have established management systems at several levels. In particular, regarding foreign currency exchange risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate foreign currency risk and periodically report to the executive officers in charge.

Furthermore, we use derivative instruments, such as foreign exchange forward contracts and currency swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency. We also use foreign-currency-denominated debt in order to mainly hedge the foreign currency exposure in the net investment in foreign operations.

For further information about risk management, see Note 8, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters" and "(7) Derivative instruments and hedging accounting."

(6) Stock Price Risks of Listed Stock We Hold

We invest marketable equity financial assets which are exposed to risk of stock price fluctuations, for the purpose of creating business opportunities, or building, maintaining, or strengthening business and collaborative relationship. At March 31, 2021, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥1,080.1 billion, representing 8.6% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could adversely affect the value of our investment portfolio and financial condition significantly due to the decline of other comprehensive income.

We have formulated market risk management policies including stock price risk and have established management systems at several levels. In particular, we manage the stock price risk by analyzing factors of market capitalization fluctuations.
For further information about risk management, see Note 8, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters."

(7) Credit Risks

We are exposed to large-scale counterparty credit risks, including the following:

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2021, the balance of current trade and other receivables (less loss allowance − current) was ¥1,812.0 billion, representing 14.5% of our total assets. The balance of loss allowance − current was ¥22.2 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.

We manage credit risks through the management of commitment lines of credit approved by an appropriate person with authority and through monitoring past-due status of credit. In addition, we require collateral and/or other forms of security from counterparties as necessary. For further information about risk management, see Note 8, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters."
For the current year, we have received requests to change the payment terms or reschedule the payment dates by several customers due to the COVID-19 pandemic. As a result of following the planned policy, no major impact was recorded for our operating results. There was only limited impact for our financial condition.

Even if the measures for credit risk are implemented, it is not possible for our credit risk management policy to completely eliminate risks relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases in company bankruptcies may make it difficult for us to collect receivables and adversely affect our future operating results and financial condition significantly.

(8) Risks Regarding Fund Procurement

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

We obtain long-term funds (those with maturities of around 10 years), and at the same time, we minimize our refinance risk by deconcentrating the amount of long-term debt to be repaid each fiscal year. We also hold sufficient cash and cash equivalents in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effect of a deteriorated financial market on future debt-service requirements.

For information on our funding sources and credit ratings, see "3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Liquidity and Capital Resources."

(9) Operational Risks

In each business areas, namely, Iron & Steel Products, Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Lifestyle and Innovation & Corporate Development, the Company and its consolidated subsidiaries engage in a diversified range of services, including trading, manufacturing, transport, and financial services involving various commodities. Making full use of the global hub network which is centering on the Company, and its ability to gather information, the Company and its consolidated subsidiaries engage in a wide range of initiatives that include development of natural resources and infrastructure projects, business investment in relation to the environment, new technologies, next-generation power and wellness, and value creation that leverages digital tools. These businesses are exposed to various operational risks such as fires, explosions, accidents, export and import restrictions, and natural disasters. The event of these accidents and disasters could significantly and adversely affect our operating results and financial condition.

Once an environmental accident occurs, as the owner of mineral resource and energy interests, regardless of the degree of our contribution to such accidents or acts of negligence, we may be imposed to bear fines or payments for compensation from environmental authorities or other concerned parties, which may adversely affect our operating results and financial condition significantly, even in situations where we have no involvement at all in actual operations as a non-operator. These fines and/or compensation payments may include clean-up costs, compensation for environmental damages, compensation for health hazard and/or property damage to those affected by the accident, compensation for absence from work and/or for loss of earnings.

We consider risk measures for risk mitigation and damage prevention and have insurance for accidents, disasters, etc. in the extent possible and appropriate, however they may not be able to cover all the damage.

(10) Risks Regarding Employee's Compliance with Laws, Regulations, and Internal Policies

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily de-centralized. As a result, we cannot fully ensure that our employees comply with all applicable laws and regulations as well as our internal policies. For example, our employees may engage in unauthorized trading activities and exceed the allotted market risk exposure for various commodities or extend an unauthorized amount of credit to a client, which, in either case, may result in unknown losses or unmanageable risks. Moreover, our employees could engage in various unauthorized activities prohibited under the laws of Japan or other jurisdictions to which we are subject, including export regulations, anticorruption laws, antitrust laws and tax regulations.

We undertake various efforts such as strengthening the compliance framework on a global group basis, sending out the messages from management to employees continuously and repeatedly, establishing channels for reporting compliance-related matters within or outside of the administrative chain of command, fostering a "speak up" culture, handling any cases of compliance violations strictly. For further information, see "4. Corporate Information 4. Corporate Governance (1) Overview of corporate governance 3) Status of Internal Control System iv) Compliance Structure."

However, such efforts are not possible to prevent misconduct by our employees completely. Depending on its nature, employees' misconduct could have a significant adverse effect on our business activities, reputation, operating results and financial condition.

(11) Risks Regarding Information Systems and Information Securities

As the operation of our global communication network progresses and with the recent worldwide cyber-attacks on the increase, it is important to properly operate the IT system, grasp the information value and handle it properly. We enhance the safety and security of information systems by internal control through development of related regulations to secure properly confidentiality, integrity, and availability on information and information systems for us and our consolidated subsidiaries. We reduce risks on data breaches by improved guidelines for better risk management, conduct internal training regularly, and tackle external threats with various measures, including the security monitoring of our IT networks.

For the current year, we are required to work from home globally due to the COVID-19 pandemic. As a result of digital environmental maintenance that we have been working on for several years, our sustainable business continuity was secured. However, we cannot eliminate all the possibilities of distraction or leakages of confidential business information triggered by unexpected serious IT system troubles, and unforeseeable threats against our IT system infrastructure or communications networks. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, which may have a significant adverse effect on our business, operating results and financial condition.

(12) Risks Relating to Natural Disasters Terrorism, Violent Groups, and Infectious Disease

Earthquake, heavy rain or flood, terrorism, infectious disease, power shortage, etc. in the countries or regions where we develop business activities could adversely affect our businesses significantly.

The global travel bans and other factors associated with the COVID-19 pandemic from 2020 onwards have had a significant impact on supply / demand and commodity prices in the various business fields in which we operate, and the operating results for the fiscal year ended March 31, 2021 recorded a decrease in profits compared to the previous year. Our forecasts for the fiscal year ending March 2022 was announced on the premise that infectious diseases are gradually shrinking along with the widespread rollout of vaccinations. However, there are regional and industry wise disparities in the tempo of economic recovery from the COVID-19, and the speed of business recovery may be slowed down in the event that the infection re-emerges due to delays in the widespread rollout of the vaccinations or unexpected spread of mutated variants. In addition, if the decline in demand continues over the medium to long term, it may have a significant adverse influence to our operating results and financial condition.

We have implemented measures such as creating a Business Continuity Plan (BCP), developing a disaster contingency manual, introducing a safety confirmation system for employees, reinforcing earthquake resistance and conducting emergency drills. However, despite these measures, there is no assurance that all damage and impact can be completely avoided, and they may adversely affect our operating results and financial condition significantly.

In addition to the important risks as of March 31, 2021, we recognize the following risk factors which may have an adversely effect on our operating results, financial condition, and cash-flow. However, these do not cover all risk factors.

・General Risks That Are Not Unique to Our Own Risk

- **Risks of Changes in Global Macroeconomic Factors**

  Our global business activities are affected by economic conditions both globally and regionally. Among other locations, we are particularly vulnerable to downward economic trends in Europe, Japan, China, the United States and emerging countries. An economic downturn may cause a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, and subsequently a decline in demand from our customers for our products and services, which may have an adverse impact on our business, operating results and financial condition.

- **Risks Associated with Laws and Regulations**

  Our business operations are subject to extensive laws and regulations in Japan and other countries throughout the world. Our operations are subject to laws and regulations governing, among other things, commodities, consumer protection, business and investment approvals, environmental protection, currency exchange control, import and export (including restrictions from the viewpoint of national and international security), taxation, and antitrust. For instance, many of our infrastructure projects in developing countries are subject to less developed legal systems. As a result, our costs may increase due to factors such as the lack of a comprehensive set of laws and regulations, an unpredictable judicial system based on inconsistent application and interpretation of laws and regulations, and changing practices of regulatory and administrative bodies. For example, we are subject to sudden and unpredictable changes to: tariffs for products and services that we provide; technical specifications with respect to environmental regulations; income tax and duty rates; and foreign currency exchange controls with respect to repatriation of investments and dividends.

  We are subject to complex sets of environmental regulations in Australia, Brazil, Chile, Russia, and the Middle East. These laws and regulations may require us to perform site clean-ups; require us to curtail or cease certain operations; impose fines and payments for significant environmental damage; require us to install costly pollution control equipment; and require us to modify our operations.

  Furthermore, while we are involved in the exploration, development and production activities through various contractual arrangements for concessions, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene or even alter the contractual terms of our oil and gas as well as mineral resource producing operations involving production rates, pricing formulas, royalties, environmental protection cost, land tenure or otherwise. If these regulatory bodies unilaterally alter such contractual terms, or if the cost of complying with revised or newly established laws and regulations increases, our business, operating results and financial condition could be adversely affected. Development of projects may face schedule delays than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect.

- **Risks Due to Competition**

Products and services we provide are generally under competition. Other Japanese general trading companies as well as other competitors which engage in similar business activities in various fields may have stronger business associations and relationships with our customers, suppliers and business partners in both domestic and global markets; or stronger global network and regional expertise, diversified global customer bases, greater financial engineering skills and market insights.

Unless we can successfully continue to meet the changing needs of our customers by providing them with innovative and integrated services in a cost effective manner, we may lose our market share or relationships with our existing customers, and we may have an adverse effect on our operating results and financial condition.

- **Risk Regarding Limitation of Human Resources on Business**

In new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which could cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

・Recognized Risks, but the Impact Is Not Significant

- **Interest Rate Risks**

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results. For information on the status of our funding, see “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Liquidity and Capital Resources” and Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS.”

- **Risks Regarding Pension Cost and Defined Benefit Obligations**

Declines in the market value of domestic and foreign government bonds, other debt securities and marketable equity securities would reduce the value of our pension plan assets. A decline in the value of our pension plan assets or an increase in our unfunded defined benefit obligation could adversely affect our operating results and financial condition due to the decline of other comprehensive income and retained earnings.

For information on our defined benefit cost, see “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (6) Critical Accounting Policies and Estimates” and Note 18, “EMPLOYEE BENEFITS.”

- **The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying value of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. For further information, see "3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (6) Critical Accounting Policies and Estimates."**

- **Risks inherent to Japan**

  - **Possibility of difference between the actual dividend amount and the forecasts announced prior to the record date**

    The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in other markets. Our dividend payout practice is no exception.

    We ordinarily announce a certain dividend payout policy at the beginning of each fiscal year and also provide guidance for annual dividends based on the forecast of our financial results including profit for the year. Interim dividends are paid to shareholders of record on September 30 of each fiscal year after reviewing our financial results during the first six months of each fiscal year as well as our forecast of our financial results during the last six months of the same fiscal year. The decision of declaration and payment is solely a matter of discretion of our Board of Directors, and such a decision may be made after the September 30 record date, and thus may differ from our guidance provided prior to such record date.

    The amount and payment of the year-end dividend are determined by our Board of Directors based on the actual financial results including profit for the year. If we propose to declare the year-end dividend, the approval of shareholders at the annual general meeting held in June of each year is also required. Our Board of Directors decides and submits a proposal for the year-end dividend declaration a few weeks before the annual general meeting. If the shareholders' approval is given, dividend payments are made to shareholders of record.

    The shareholders of record may sell shares after the March 31 record date with the anticipation of receiving a certain dividend payment. However, the declaration of year-end dividends is approved by our shareholders only in June, usually based upon a proposal submitted by our Board of Directors. As such, we may have announced dividend-related forecasts prior to the record date; but, in making a decision on the year-end dividend declaration, neither our shareholders nor our Board of Directors is legally bound by such forecast. Moreover, if our profit for the year turns out to be lower than we originally forecast, we may not submit any year-end dividend proposal to the annual general meeting of shareholders.

  - **Possibility of restriction to sell our common stock because of daily price range limitations under Japanese stock exchange rules**

    Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upper and lower price range limitations for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits on these exchanges. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

  - **Necessity of depositary to exercise the rights of shareholders**

    The rights of shareholders under Japanese law to take actions, including exercising voting rights, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders recorded on our register of shareholders. Because the depositary, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, as ADS holders, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights except through and with the consent of the depositary.

3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

Please take note that our management's discussion and analysis of financial position, operating results and cash flow contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those anticipated in these forward-looking statements as a result of the items mentioned in "2. Risk Factors" or other factors.
For further information regarding the progress of our plan, see "2. Operating and Financial Review and Prospects, 1. Management Policies, Operating Environment, and Management Issues, (1) Progress of Medium-term Management Plan."

(1) Overview of Business Results

1) Operating Results

See "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020, 2) Operating Results by Operating Segment."

2) Cash Flows

See "(5) Liquidity and Capital Resources, 6) Cash Flows."

(2) Purchases, Sales Contracts and Trading Transactions

1) Purchases

In all operating segments, as the difference between the amount of purchases and the amount of total trading transactions is minimal compared to the amount of total trading transactions, this item is omitted.

2) Sales Contracts

In all operating segments, as the difference between the amount of contracts and the amount of total trading transactions is minimal, this item is omitted.

3) Trading Transactions

See "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020," and Consolidated financial statements Note 6, "SEGMENT INFORMATION."

(3) Key Performance Measures under Management's Discussion

Although our operating results and financial position are affected by various factors including the items stated in "2. Risk Factors," management believes that as of the end of the fiscal year under review, the following indicators can be usefully employed to discuss trends in our performance and financial condition.

1) Gross Profit, Share of Profit (Loss) of Investments Accounted for Using the Equity Method and Profit for the Year Attributable to Owners of the Parent

We undertake world-wide business activities, involving diversified risk-return profiles, ranging from intermediary services as agent to development and production activities of mineral resources and energy. In this context, changes in the amounts of gross profit, share of profit (loss) of investments accounted for using the equity method and profit for the year attributable to owners of the parent by operating segment reflect the overall progress of our operating results and our businesses.

2) Trends in the Price of and Supply-Demand for Mineral Resources and Energy

Due to the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses, the condition of the market and the production amount for mineral resources and energy has become a significant variable in operating results.

For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources Segment and the Energy Segment in "1. Management Policies, Operating Environment, and Management Issues, (2) Operating Environment" and "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020, 3) Mineral & Metal Resources and 4) Energy."

3) Cash Flows, Capital Efficiency, and Financial Leverage

In the Medium-term Management Plan (announced in May 2020), we utilized Core Operating Cash Flow as a key performance indicator to measure cash flow generation capabilities and show source of cash reallocation.

Mitsui decides the policies on levels of shareholders' equity (*1), return on equity (ROE), and also debt and equity balances, and examines the status of execution in terms of stability for capital efficiency as well as financing. Mitsui also examines the scale of shareholders' equity in terms of risk buffer to maximum exposure to potential losses due to a deterioration of the respective business and is monitoring and managing group-wide financial leverage seeking to secure an efficient return on equity as well as maintaining and improving credit ratings and financial stability in order to refinance our interest-bearing debt. For further information regarding our capital management, see Note 8, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS, (6) Risk-related matters." For further information regarding our financial policy, see "(5) Liquidity and Capital Resources."

(*1) Shareholders' equity is total equity attributable to owners of the parent in the Consolidated Statements of Financial Position.

(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2021 and 2020

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year (As restated)	Change
Revenue		8,010.2	8,484.1	(473.9)
Gross Profit		811.5	839.4	(27.9)
Selling, general and administrative expenses		(606.4)	(584.9)	(21.5)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	7.9	25.1	(17.2)
	Impairment Reversal (Loss) of Fixed Assets—Net	(52.9)	(110.8)	+57.9
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	4.6	9.5	(4.9)
	Other Income (Expense)—Net	(13.9)	38.5	(52.4)
Finance Income (Costs)	Interest Income	19.9	41.4	(21.5)
	Dividend Income	103.7	96.5	+7.2
	Interest Expense	(51.9)	(89.6)	+37.7
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		227.9	269.2	(41.3)
Income Taxes		(99.8)	(123.0)	+23.2
Profit for the Year		350.4	411.3	(60.9)
Profit for the Year Attributable to Owners of the Parent		335.5	391.5	(56.0)

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

Revenue

In accordance with IFRS, upon the identification of the performance obligations of the contract, a consideration of whether an entity is a principal or an agent is made, and if the nature of its promise is a performance obligation to provide the specified goods or services as a principal, the revenue is recognized in the gross amount, and if the nature of its promise is a performance obligation to arrange for the provision of goods or services by another party, then the revenues received as an agent is recognized in the amount of any fee or commission to which it expects to be entitled or as a net amount. For more information, see Note 2, "BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

・Revenue for the year ended March 31, 2021 ("current year") was ¥8,010.2 billion, a decrease of ¥473.9 billion from ¥8,484.1 billion for the year ended March 31, 2020 ("previous year").

* We have presented the "revenue" and corresponding "cost" of certain transactions in gross amounts beginning with the current fiscal year. Those amounts for the previous fiscal year have also been restated to conform to the presentation in the current fiscal year. This restatement has no impact on gross profit, profit for the year attributable to owners of the parent, or total equity attributable to owners of the parent. For further information, see "(Note) on Consolidated Statements of Income".

Gross Profit

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

Selling, general and administrative expenses

The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Current Year	**Previous Year**	**Change**
Personnel	¥ (296.9)	¥ (298.8)	¥ +1.9
Welfare	(9.2)	(10.4)	+1.2
Travel	(7.0)	(27.5)	+20.5
Entertainment	(1.7)	(6.1)	+4.4
Communication	(46.4)	(44.1)	(2.3)
Rent	(8.7)	(9.3)	+0.6
Depreciation	(36.7)	(41.9)	+5.2
Fees and Taxes	(12.4)	(13.3)	+0.9
Loss Allowance	(80.6)	(31.3)	(49.3)
Others	(106.8)	(102.2)	(4.6)
Total	¥ (606.4)	¥ (584.9)	¥ (21.5)

The table below provides selling, general and administrative expenses broken down by operating segment.

	Billions of Yen		
	Current Year	Previous Year	Change
Iron & Steel Products ………………………..	¥ (22.0)	¥ (27.2)	¥ +5.2
Mineral & Metal Resources …………………	(72.3)	(41.6)	(30.7)
Energy ……………………………………….	(47.2)	(44.5)	(2.7)
Machinery & Infrastructure …………………	(132.9)	(133.4)	+0.5
Chemicals ……………………………………	(95.5)	(101.9)	+6.4
Lifestyle ……………………………………..	(129.4)	(139.3)	+9.9
Innovation & Corporate Development ………	(63.7)	(64.5)	+0.8
All Other and Adjustments and Eliminations	(43.4)	(32.5)	(10.9)
Consolidated Total …………………………..	¥ (606.4)	¥ (584.9)	¥ (21.5)

Other Income (Expenses)

Gain (loss) on securities and other investments—net

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

Impairment reversal (loss) of fixed assets—net

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

Other income (expense)—net

- For the current year, the impairment loss on loans in the Mineral & Metal Resources Segment and Machinery & Infrastructure Segment, the foreign exchange related loss in the Mineral & Metal Resources Segment, and the cost related to asset retirement obligation in the Energy Segment were recorded while insurance proceeds were recorded in the business in North America in the Chemicals Segment.
- For the previous year, the Chemicals Segment recorded insurance proceeds in the business in North America, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option of an investment, and the Machinery & Infrastructure Segment recorded insurance proceeds. Furthermore, a gain on the sales of property management business was recorded in the Lifestyle Segment.

Finance Income (Costs)

Dividend Income

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

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

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

Income Taxes

- Income taxes for the current year were ¥99.8 billion, a reduction of ¥23.2 billion from ¥123.0 billion for the previous year. For the current year, ¥39.0 billion profit was recorded through the deferred tax assets recognitions due to the reorganization of the U.S. subsidiaries in the Energy Segment.

・The effective tax rate for the current year was 22.2%, a decrease of 0.8 points from 23.0% for the previous year. Although there was an increase in tax effective rate due to an impairment loss not recognizable for deferred tax in the Mineral & Metal Resources Segment, there was a decrease in tax effective rate due to a deferred tax assets recognition in the Energy Segment and reversal of deferred tax liabilities on equity accounted investments due to dividends from those investees. Considering these items, the tax effective rate was lower than the previous year.

Profit for the Year Attributable to Owners of the Parent

・Profit for the year attributable to owners of the parent was ¥335.5 billion, a decrease of ¥56.0 billion from the previous year. For the impact of COVID-19 pandemic, please refer "3) Impact of COVID-19 pandemic".

2) Operating Results by Operating Segment

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

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	2.1	4.7	(2.6)
Gross profit	21.2	24.6	(3.4)
Profit (loss) of equity method investments	4.3	13.1	(8.8)
Dividend income	1.4	1.9	(0.5)
Selling, general and administrative expenses	(22.0)	(27.2)	+5.2
Others	(2.8)	(7.7)	+4.9

・Profit (loss) of equity method investments decreased mainly due to the following factor:
- For the current year, Gestamp companies reported a decrease of ¥9.1 billion mainly due to the lower operating time caused by lower automotive production, the impact of foreign exchange fluctuations, and one-time cost related to the structural transformation.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	179.9	183.3	(3.4)
Gross profit	251.2	226.0	+25.2
Profit (loss) of equity method investments	70.4	59.2	+11.2
Dividend income	59.8	25.2	+34.6
Selling, general and administrative expenses	(72.3)	(41.6)	(30.7)
Others	(129.2)	(85.5)	(43.7)

・Gross profit increased mainly due to the following factors:
- Iron ore mining operations in Australia recorded an increase of ¥54.3 billion mainly due to higher sales prices.
- Coal mining operations in Australia recorded a decrease of ¥30.2 billion mainly due to lower sales prices.

・Profit (loss) of equity method investments increased mainly due to the following factors:
- Iron ore mining operations in Australia recorded an increase of ¥10.8 billion mainly due to higher sales prices.
- Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile, recorded an increase of ¥6.1 billion mainly due to higher sales prices and sales volume.
- Coal mining operations in Australia recorded a decrease of profit mainly due to lower sales prices.
- Following the revisions to our various assumptions, impairment losses of ¥3.8 billion for the current year, and ¥5.1 billion for the previous year were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.

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

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

- Following the revisions to our various assumptions, impairment losses of ¥19.2 billion for the current year and ¥2.8 billion for the previous year were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
- Coal mining operations in Australia recorded a decrease of ¥6.7 billion due to foreign exchange related losses.
- Iron ore mining operations in Australia recorded a decrease of ¥6.0 billion due to foreign exchange related losses.

Sensitivity for Fluctuations in Iron Ore Prices and Our Equity Share of Productions

For the year ending March 31, 2022, a change of US$1 per ton in the iron ore price is estimated to have an effect of ¥2.2 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our iron ore mining operations.

For the year ended March 31, 2021, the equity share of production amounted to 58.2 million tons of iron ore (including 16.7 million tons of Vale S.A. which is non-consolidated related company). The above-mentioned effect of a change of US$1 per ton is calculated based on the assumptions of an estimated increase or decrease in shipments in the year ending March 31, 2022, in line with our holdings through our iron ore mining operations after the year ended March 31, 2021, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. As the value of natural resource producing countries' currencies, such as the Australian dollar, generally trends to be highly correlated to the market prices of those countries' products, the change in the currencies may impact the local currency denominated revenues of our overseas subsidiaries and equity accounted investees.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	27.2	57.8	(30.6)
Gross profit	62.9	141.1	(78.2)
Profit (loss) of equity method investments	18.8	45.2	(26.4)
Dividend income	25.1	52.7	(27.6)
Selling, general and administrative expenses	(47.2)	(44.5)	(2.7)
Others	(32.4)	(136.7)	+104.3

・Gross profit decreased mainly due to the following factors:
- Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥54.6 billion mainly due to decline in production, and lower oil and gas prices.
- Business division at the Headquarters recorded a decrease mainly due to impact of hurricanes in LNG trading business.
- Mitsui E&P Italia A S.r.l recorded a decrease of ¥8.4 billion mainly due to an increase in cost.
- MEP Texas Holdings LLC recorded a decrease of ¥4.9 billion mainly due to lower oil and gas prices.
- Mitsui E&P USA LLC recorded a decrease of ¥4.3 billion mainly due to lower oil and gas prices.
- AWE Pty Ltd. recorded an increase of ¥4.8 billion due to decrease of depreciation cost.

・Profit (loss) of equity method investment decreased mainly due to the following factors:
- Japan Australia LNG(MIMI) Pty. Ltd recorded a decrease mainly due to lower oil and gas prices.
- Mitsui E&P Mozambique Area 1 Limited recorded a decrease of ¥11.8 billion mainly due to the recognition of deferred tax assets in accordance with the Final Investment Decision for the project in the previous year.
- Japan Arctic LNG recorded a decrease of ¥10.1 billion mainly due to valuation loss on changes in oil price, foreign exchange and others.
- Mitsui & Co. LNG Investment USA LLC recorded an increase of ¥9.2 billion due to the commencement of commercial production in all three trains at the Cameron LNG Project.

・Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥24.3 billion in total, a decrease of ¥25.9 billion from the previous year.

・In addition to the above, the following factors also affected results:
- For the current year, profit of ¥39.0 billion was recorded due to recognition of deferred tax assets in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.
- For the current year, mainly due to lower oil price, Mitsui E&P Italia A S.r.l recorded an impairment loss of ¥23.4 billion for its Tempa Rossa project while impairment loss of ¥13.9 billion was recorded for the same project in the previous year.

- For the current year, Mitsui E&P Australia Pty Ltd. recorded an impairment loss of ¥17.3 billion mainly for its Meridian project mainly due to the update of production profile, Ragnar/Toro and Libra exploration projects due to changes in the future development plan, while impairment loss of ¥31.2 billion was recorded for Greater Enfield project in the previous year.
- For the current year, Mitsui E&P Australia Pty Ltd. recorded a cost of ¥7.7 billion due to a revision of asset retirement obligation.
- For the previous year, MEP Texas Holdings LLC recorded an impairment loss of ¥23.4 billion for its Eagle Ford shale oil and gas business.
- For the previous year, a subsidiary of Mitsui Oil Exploration Co., Ltd. recorded an impairment loss of ¥4.3 billion for its offshore project in the Gulf of Mexico.

Sensitivity for Fluctuations in Oil and Gas Prices and Our Equity Share of Productions

For the year ending March 31, 2022, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥2.5 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our upstream oil and gas businesses.

Similar to the discussion regarding mineral and metal resources, actual results of operations are also influenced by production, costs, trends in foreign exchange rates and other factors surrounding above mentioned upstream oil and gas businesses.

Our equity share of production amount of oil and gas for the year ended March 31, 2020 was 257 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil, includes equity share of interests of consolidated subsidiaries, equity accounted investees and non-consolidated interests), and the latest estimate of the equity share of production for the year ended March 31, 2021 was 262 million barrels (same as above conversion).

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	45.9	89.4	(43.5)
Gross profit	107.7	134.6	(26.9)
Profit (loss) of equity method investments	95.3	88.4	+6.9
Dividend income	3.9	5.1	(1.2)
Selling, general and administrative expenses	(132.9)	(133.4)	+0.5
Others	(28.1)	(5.3)	(22.8)

・Gross profit decreased mainly due to the following factor:
- For the current year, the subsidiaries in relation to the railways, construction & industrial machinery, and automobile business recorded a decrease due to the effect of the COVID-19 pandemic.

・Profit (loss) of equity method investments increased mainly due to the following factors:
- A gain was recorded at an automobile company in Canada due to good sales results.
- A gain was recorded at a construction & mining machinery company in Australia due to good sales results.
- Mitsui & Co. LNG Investment USA, Inc. recorded an increase of ¥4.0 billion due to the commencement of commercial production in all three trains at the Cameron LNG Project.
- FPSO/FSO leasing companies recorded an increase of ¥3.8 billion due to the absence of refinancing and other costs in the previous year.
- Offshore supporting vessels business was improved due to the absence of impairment of assets in the previous year.
- For the current year, a portion of impairment loss of ¥4.7 billion for equity investments was recorded following current estimates, based on status to date, and the final valuation of termination payments for early termination of the franchise agreements in relation to passenger rail business with the Department of Transport, UK (“The current estimate in the passenger rail franchise business in the UK”).
- Investments in gas distribution companies in Brazil recorded a decrease of ¥4.6 billion because of the depreciation of the Brazilian Real and tariff reduction as prior year adjustment for the current year, while the refund of service tax payments through arbitrations led to a transient increase in the previous year.
- Following the revisions to our various assumptions, impairment losses of ¥0.9 billion for the current year, and ¥1.3 billion for the previous year were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.

・Selling, general and administrative expenses decreased, while there was the following increase factors:
  - Following the revisions to our various assumptions, impairment losses of ¥9.0 billion for the current year and ¥2.4 billion for the previous year for doubtful debts were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
  - For the current year, a loss allowance for doubtful debt of ¥4.9 billion was recorded based on the current estimate in the passenger rail franchise business in the UK.
・In addition to the above, the following factors also affected results:
  - For the current year, ¥9.3 billion impairment loss was recorded in the rolling stock leasing business.
  - Following the revisions to our various assumptions, impairment losses of ¥4.8 billion for the current year and ¥0.7 billion for the previous year were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
  - For the previous year, Mitsui Bussan Aerospace Co., Ltd. reported an other income and expense of ¥4.0 billion mainly due to insurance proceeds.
  - For the current year, a provision for loss on guarantee of ¥1.5 billion was recorded based on the current estimate in the passenger rail franchise business in the UK.
  - Gains on sale of the IPP business in North America were recorded both in the current and previous year.
  - For the previous year, the overseas railway business recorded an impairment loss of fixed asset.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	43.5	22.3	+21.2
Gross profit	124.9	116.8	+8.1
Profit (loss) of equity method investments	11.3	11.5	(0.2)
Dividend income	3.0	2.7	+0.3
Selling, general and administrative expenses	(95.5)	(101.9)	+6.4
Others	(0.2)	(6.8)	+6.6

・Gross profit increased mainly due to the following factor:
  - An increase of ¥3.1 billion was recorded due to price increase and cost reduction of main products in Novus International, Inc.
・In addition to the above, the following factor also affected results:
  - Insurance proceeds were recorded in the business in North America both for the current and previous year.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	12.7	32.0	(19.3)
Gross profit	133.8	134.9	(1.1)
Profit (loss) of equity method investments	13.4	35.0	(21.6)
Dividend income	5.6	4.2	+1.4
Selling, general and administrative expenses	(129.4)	(139.3)	+9.9
Others	(10.7)	(2.8)	(7.9)

・Gross profit decreased mainly due to the following factors:
  - For the current year, subsidiaries, whose businesses are fashion, food and distribution, recorded a decrease of profit due to the closure of stores and lower demand for commercial ingredients for the food service industry caused by the state of emergency and curfew.
  - For the current year, reclassification from a consolidated subsidiary for the fashion & textile businesses in Asia to an equity method investee caused a ¥4.8 billion decrease.

- Drug development in the life science and healthcare fund invested through MBK Pharma Partnering Inc. recorded a ¥3.8 billion gain mainly from the valuation of fair value for the current year due to the progress on drug development, and a ¥2.4 billion loss mainly due to the suspension of drug development for the previous year.
- For the current year, United Grain Corporation of Oregon which runs an origination and merchandising of grain business in the U.S. West Coast recorded an increase of ¥5.0 billion mainly due to strong wheat and soybean sales.
- For the current year, PRIFOODS CO., LTD. which runs a production, processing and sales of broilers recorded an increase of ¥3.2 billion mainly due to an increase in sales volume with stay-at-homes orders.

・Profit (loss) of equity method investment decreased mainly due to the following factors:
- For the current year, equity method investees, whose businesses are food, fashion, and services, recorded a decrease of profit due to curfew and self-restraint.
- For the current year, IHH Healthcare Berhad recorded a decrease of ¥3.4 billion mainly because of decline in operation rate due to lower demand for medical tourism and from patients with minor illnesses caused by the effect of the COVID-19 pandemic, and impairment of goodwill over subsidiary in India.
- For the previous year, International Columbia U.S. LLC divested Columbia Asia Healthcare Pte. Ltd and a capital gain of ¥13.0 billion from this transaction was recorded.

・Selling, general and administrative expenses decreased mainly due to the following factor:
- For the current year, reclassification from a consolidated subsidiary for the fashion & textile businesses in Asia to an equity method investee caused a ¥4.3 billion decrease.

・In addition to the above, the following factors also affected results:
- For the previous year, there was a ¥12.5 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
- For the previous year, a capital gain from the sales of Sogo Medical Holdings Co., Ltd. and the reversal of deferred tax liability for the retained earnings, totaling ¥8.7 billion, were recorded.
- For the previous year, Mitsui & Co. Foresight Ltd. recorded a gain on the sales of the property management business.
- For the previous year, a capital gain from the partial sale of RareJob, Inc. was recorded.
- For the previous year, an impairment loss on fixed assets of ¥14.0 billion was recorded due to a decline of the fair value of its farmland and others mainly caused by a depreciation of the Brazilian real against the U.S. dollar in XINGU AGRI AG conducting a production business of agricultural products in Brazil.
- For the previous year, an impairment loss of fixed assets of ¥6.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation, which conducts healthcare staffing in the U.S.

<u>Innovation & Corporate Development Segment</u>

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	50.2	14.6	+35.6
Gross profit	107.0	60.1	+46.9
Profit (loss) of equity method investments	13.9	17.0	(3.1)
Dividend income	3.8	3.3	+0.5
Selling, general and administrative expenses	(63.7)	(64.5)	+0.8
Others	(10.8)	(1.3)	(9.5)

・Gross profit increased mainly due to the following factors:
- For the current year, a ¥13.1 billion gain on the sales was recorded at a holding company as a result of sales of its entire shareholding in OSIsoft LLC.
- For the previous year, ¥6.5 billion loss was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current year, ¥5.6 billion gain was recorded due to the valuation and sales of the shares.
- For the current year, an increase of ¥5.1 billion was recorded mainly due to good results of energy trading in Mitsui Bussan Commodities Ltd.
- For the current year, an increase of ¥5.0 billion was recorded mainly due to good results of precious metal trading at a business division at the Headquarters.
- For the previous year, MGI Global Fund L.P. recorded ¥1.0 billion loss for the valuation of shares, while for the current year, it recorded ¥2.8 billion gain for the valuation and sales of shares mainly associated with the IPO of QD Laser, Inc.

- For the current 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.
- An increase of ¥2.7 billion was caused from the combined effect of the loss on the valuation and sales of the shares in Mercari, Inc. recognized for the previous year, and the profit on the sales of its entire shareholding for the current year.

・In addition to the above, the following factors also affected results:
- For the current year, ¥4.3 billion of reversal of impairment loss on land was recorded.
- For the previous year, a gain on the sales of equity stake in real estate business in Singapore was recorded.
- For the previous year, a valuation profit on the derivative of ¥4.4 billion was recorded in relation to a put option on an investment.

3) Impact of COVID-19 pandemic

For the current year, the Machinery & Infrastructure Segment, which suffered from lower demand in the passenger rail franchise business and locomotive leasing business, and the Iron & Steel Products Segment, which suffered from lower plant utilization rates, recorded a decrease of profit due to the COVID-19 pandemic and lockdown or travel bans in various regions and countries. Also, the Lifestyle Segment recorded a decrease of profit due to lower demand for commercial ingredients for the food service industry and fashion-related products amid a continuing trend in many countries to refrain from unnecessary going out, as well as a decline in occupancy rates in the hospital business due to a decrease in medical tourism and patients with minor illnesses. Additionally, the Energy Segment recorded a decrease of profit due to lower crude oil price caused by lower demand mainly for transportation fuels.

On the other hand, the Innovation & Corporate Development Segment recorded an increase of profits due to FVTPL gain in relation to the stock market recovered mainly by economic support measures in each country, in addition to the steady capture of demands related to stay-at-home orders and IT infrastructure in the digital security business and in the TV shopping business. Also, the automobile-related business in the Machinery & Infrastructure Segment, recorded an increase of profit as a result of the recovery of demand in the second half of the current year, mainly in North America, amid a shift in the means of transportation from public transportation to private cars.

As mentioned above, there were some factors that contributed to the improvement in our results, but the impact of the decrease in profit was significant, thus our results were lower than the previous year due to the COVID-19 pandemic.

(5) Liquidity and Capital Resources

Use of Non-GAAP Financial Measures

Net Debt-to-Equity Ratio

We refer to "Net Debt-to-Equity Ratio" ("Net DER") in this "Liquidity and Capital Resources" and elsewhere in this report. Net DER is comprised of "net interest-bearing debt" divided by total equity attributable to owners of the parent.

We define "net interest-bearing debt" as follows:
- calculate interest-bearing debt by subtracting lease debt from short-term debt and long-term debt
- calculate net interest-bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest-bearing debt

Our management considers that Net DER is a useful measure for investors to review the balance between interest-bearing debt and total equity attributable to owners of the parent for the purpose of improving our capacity to meet debt repayment and leverage to improve return on equity in our capital structure.

"Net interest-bearing debt" and "Net DER" are presented in the table below.

	As of March 31, 2021	As of March 31, 2020
	(Billions of Yen)	(Billions of Yen)
Short-term debt	300.5	297.5
Long-term debt	4,446.3	4,629.1
Total debt	4,746.8	4,926.6
Less lease debt	(345.3)	(376.1)
Interest-bearing debt	4,401.5	4,550.5
Less cash and cash equivalents and time deposits	(1,101.7)	(1,063.8)
Net interest-bearing debt	3,299.8	3,486.7
Total equity attributable to owners of the parent	4,570.4	3,817.7
Net DER (times)	0.72	0.91

Free Cash Flow after Shareholder Returns

Our Management believes "free cash flow after shareholder return" is useful measure to maintain and improve our financial base. See 4) "Investments and Loans, Financial Policies."

1) Funding and Treasury Policies

Our basic funding policy as set forth by our management is to secure liquidity required for our smooth operations and to maintain the strength and soundness of our balance sheet. Thus, our principal strategy is to obtain long-term funds (those with maturities of around 10 years) from financial institutions, including domestic life-insurance companies and banks, and through the issuance of corporate bonds. At the same time, we minimize our refinance risk by deconcentrating the amount of long-term debt to be repaid each fiscal year. In cases of projects where large amounts of financing are required, we utilize financing programs provided by government financing agencies and/or project financing.

In principle, wholly owned subsidiaries procure funds not from financial institutions, but by utilizing the internal Cash Management Service, in which they can procure financing from financing subsidiaries and overseas offices of the Company. Through this service, centralization of fund raising, the efficient use of fund and securement of liquidity are promoted. As a result, approximately four fifths of total interest-bearing debt on a consolidated basis as of March 31, 2021 was raised by Mitsui and the above-mentioned financing subsidiaries.

We also hold sufficient cash and cash equivalents in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effects of a deteriorated financial market on future debt-service requirements. While there is no particular target amount of cash and cash equivalents to be held, considering the current financial market conditions, cash and cash equivalents are invested mainly in highly liquid and highly rated short-term financial instruments, or deposited.

2) Funding Sources

In accordance with our basic funding policy above, we choose the most favorable funding sources from various forms of direct and indirect financing by suitable means considering the financial condition at that point of time.

We procure necessary funds, mainly long-term, based on our longstanding and wide-ranging relations with financial institutions in Japan and overseas. In addition, we borrow from government financing agencies such as Japan Bank for International Cooperation, and also utilize project financing.

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥200 billion debt shelf-registration, a ¥2,400 billion commercial paper program in Japan, and Euro medium-term note ("MTN") program of US$5 billion, and utilizes the method among these that is favorable depending on the financial situation. Outstanding domestic bonds under shelf-registration and notes under the MTN program as of March 31, 2021 were ¥230 billion and ¥37.0 billion, respectively. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US$1.5 billion U.S. domestic commercial paper program, Mitsui & Co. Financial Services (Europe) Ltd. also has a US$1.5 billion Euro commercial paper program, and there are similar commercial paper programs in certain other overseas markets and these programs are utilized where appropriate. However, we maintain the principal strategy of carrying out long-term and stable fund procurement, and we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of current maturities of interest-bearing debt to total interest-bearing debt on a consolidated basis was 15.9% as of March 31, 2021.

Mitsui and certain subsidiaries set lines of credit by paying commitment fees to financial institutions.

A vast majority of interest-bearing debt is denominated in Japanese yen and U.S. dollars. Considering the type of interest and currency of the asset-side, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert the interest or currency of our liabilities. We believe that the proportion of interest-bearing debt with fixed interest rate after taking into account interest rate swaps is appropriate considering the condition of our current financial position. See Note 8, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS" for further description of our derivative financial instruments. Additionally, regarding liquidity analysis related to derivative instruments, see Note 15, "DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES."

Credit Ratings

To facilitate smooth fund raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. ("R&I"), Moody's Japan K.K. ("Moody's") and Standard & Poor's Ratings Japan K.K. ("S&P"). The ratings as of May 31, 2021 were as follows:

	R&I	Moody's	S&P
Short-term rating	a-1+	P-2	A-1(**)
(Long-term) Issuer rating	AA-	—	A
Long-term issue rating	AA-	A3(*)	—
Medium-term note rating	AA-	A3	A
Outlook	Stable	Stable	Stable

(*) The terminology used at Moody's is "Long-Term Obligation Ratings (senior unsecured)."
(**) The terminology used at S&P is "Short-Term Issuer Credit Ratings."

Mitsui intends to maintain sound financial foundations and will strive to maintain and improve its credit rating.

Credit ratings are assessments by the rating agencies of the credit risks associated with us and are based on information provided by us and other sources that the rating agencies consider reliable. Credit ratings do not constitute a recommendation to buy, sell or hold securities and are subject to change or withdrawal by each of the rating agencies at any time. Each rating agency has different criteria in evaluating the risk associated with a company.

3) Liquidity Management

Cash and cash equivalents were ¥1,063.2 billion as of March 31, 2021. Approximately half of cash and cash equivalents are denominated in Japanese yen and our management recognizes that cash and cash equivalents as of March 31, 2021 satisfy the liquidity requirements for the repayment of current maturities of Interest-bearing debt (¥700.8 billion).

In the year ended March 31, 2021, the global economy declined rapidly and significantly at the beginning of the fiscal year due to widespread restrains on economic activities, which included curfew in many countries due to the global spread of COVID-19. However, the overall economy subsequently rebounded as economic activities resumed intermittently depending on the spread of infection, and major economies such as the U.S. provided largescale support for households and business and implemented fiscal measures. Under such circumstances, we steadily procured necessary funds in accordance with our basic funding policy by utilizing our good long-term relationship with financial institutions, various measures implemented by public financing agencies, and debt shelf-registration.

As a result, our interest-bearing debt outstanding as of March 31, 2021, totaled ¥4,401.5 billion, a decrease of ¥149.0 billion from the previous fiscal year-end. Subordinated syndicated loans accounted for ¥555.0 billion of the interest-bearing debt. Rating agencies treat 50% of this balance, or ¥277.5 billion, as equity. The maturity profile of our outstanding Short-term and Long-term Interest-bearing debt as of March 31, 2021 was as follows. For the details of the short-term and long-term debt and interest rate structure of our outstanding debt as of March 31, 2021, see Note 15, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Year ending March 31:	2022	2023	2024	2025	2026	Thereafter	Total
Billions of Yen	700.8	330.6	439.9	422.3	347.3	2,160.6	4,401.5

Total equity attributable to owners of the parent as of March 31, 2021 was ¥4,570.4 billion, an increase of ¥752.7 billion from March 31, 2020. Also, net interest-bearing debt was ¥3,299.8 billion, a decrease of ¥186.9 billion, and as a result, the Net DER decreased to 0.72 times as of March 31, 2021 from 0.91 times as of March 31, 2020.

The ratio of current assets to current liabilities, which was 152.7% as of March 31, 2020, was 155.7% as of March 31, 2021.

Judging by the numbers above and current market conditions, the financial strength of our balance sheet is maintained, and at this stage we are not aware of any significant financial difficulties that would affect our operations including investments and loans in accordance with our Medium-term Management Plan.

Although we provide payment guarantees to third parties and related parties, these guarantees do not include those that have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 25, “CONTINGENT LIABILITIES.”

With the exception of non-recourse financing for individual projects, it is our policy not to conclude agreements for important financial transactions with financial institutions that contain additional debt restriction clauses that may cause acceleration of our obligations, including debt incurrence restrictions, negative pledges, restrictions on dividend payments and various financial ratio limits, and there are no material financial covenants in the agreements undertaken.

Our management believes that our liquidity will not be affected by dividends from our foreign consolidated subsidiaries and equity accounted investees. Assuming that such companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material, contractual or legal restrictions on the ability of our consolidated subsidiaries and equity accounted investees to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥8.5 billion to our defined-benefit pension plans for the year ending March 31, 2022.

4) Investments and Loans, Financial Policies

Core Operating Cash Flow for the fiscal year ended March 31, 2021 was approximately ¥660.0 billion. Combined with approximately ¥145.0 billion obtained from progress in asset recycling, this produced cash-in of approximately ¥805.0 billion. Investment and Loans (*) totaled approximately ¥445.0 billion, influenced by factors such as LNG project under development and oil and gas production business. With the addition of approximately ¥210.0 billion in shareholder returns, free cash flow (**) after shareholder returns was approximately positive ¥150.0 billion. Looking ahead, we will continue to allocate funds flexibly and strategically for growth investments and additional returns in consideration of investment opportunities and the overall business environment, while pursuing strong cash-generation capability and improving capital efficiency. See "6) Cash Flows," for further description of cash flows for the year ended March 31, 2021.

(*) Investments and loans based on investing cash flows excluding an increase or decrease of time deposits and cash flows from financing activities accompanied by the transactions with non-controlling interest shareholders

(**) Free cash flow excluding the effect of changes in working capital and time deposits

(Unit: ¥billion)

		FY Mar/2021	Main projects
Cash-In	Core Operating Cash Flow	660.0	
	Asset Recycling[*1]	145.0	[Machinery & Infrastructure] Sale of North American power generation business [Chemicals] Sale of San-ei Sucrochemical [Mineral & Metal Resources] Sale of Caserones copper mine [Lifestyle] Sale of Fuji Pharma
Cash-Out	Investment and Loans	-445.0	[Energy] LNG project under development, oil and gas production business [Corporate/ Innovation & Corporate Development] Integrated block development of Otemachi One Project [Mineral & Metal Resources] Iron ore operations in Australia, Coal operations in Australia, additional acquisition of interests in Collahuashi[*3] [Machinery & Infrastructure/ Energy] Power generation businesses
	Treasury Stock Acquisition	-65.0[*2]	
	Dividend	-145.0	

*1. Excludes changes in time deposits

*2. Acquired treasury stock worth ¥40.0bn between April and June 2020, and ¥25.0bn between February and March 2021. Additionally, ¥6.9bn in stock purchases for employee stock-based compensation

*3. Classified as "financial CF" in cash flow statement

For the details of the cumulative total of cash flow allocations for the three years of the current Medium-term Management Plan, revised upon taking into account financial results for the fiscal year ended March 31, 2021, and our outlook, see "1. Management Policies, Operating Environment, and Management Issues, (3) FY Mar/2022 Business Plan, 3) Update on Cash Flow Allocation (Cumulative Three Years of Medium-term Management Plan)". For the details of refinancing, see "1) Funding and Treasury Policies" and "2) Funding Sources."

5) Assets, Liabilities and Shareholders' Equity

(Billions of Yen)		March 31, 2021	March 31, 2020	Change
Total Assets		12,515.8	11,806.3	+709.5
	Current Assets	4,207.5	4,124.4	+83.1
	Non-current Assets	8,308.4	7,681.9	+626.5
Current Liabilities		2,701.7	2,701.1	+0.6
Non-current Liabilities		4,991.2	5,044.3	(53.1)
Total Equity Attributable to Owners of the Parent		4,570.4	3,817.7	+752.7

Assets

Current Assets:

・ Cash and cash equivalents increased by ¥4.4 billion.

・ Trade and other receivables increased by ¥189.5 billion, mainly due to following factors:
  - An increase in trade receivable by ¥147.3 billion due to favorable market conditions for the Mineral & Metal Resources Segment, and an increase in trading volume in the Energy Segment, and due to both favorable market conditions and the increase in trading volume in the Chemicals Segment; and
  - An increase of ¥49.8 billion in current portion of long-term receivables of Mineral & Metal Resources Segment, mainly due to reclassification to current maturities.

・ Other financial assets declined by ¥132.9 billion, mainly due to market volatility and decreases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.

・ Inventories increased by ¥61.3 billion, mainly due to favorable market condition and increases in trading volume in the Mineral & Metal Resources Segment, the Energy Segment and the Lifestyle Segment.

Non-current Assets:

・ Investments accounted for using the equity method increased by ¥163.0 billion, mainly due to the following factors:
  - An increase of ¥108.7 billion resulting from foreign currency exchange fluctuations;
  - An increase of ¥36.3 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project;
  - An increase of ¥227.9 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥194.8 billion due to dividends from equity accounted investees;
  - An increase due to an investment in Japan Arctic LNG B.V., which participates in the Arctic LNG 2 Project in Russia;
  - An increase of ¥10.5 billion due to an investment in Caitan S.p.A, which participate in desalination and conveyance projects for BHP Spence copper mine in Chile; and
  - A decline in equity method investment in Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion.

The following table shows the details of Investments accounted for using the equity method as of March 31, 2021 and 2020 by operating segment.

	Billions of Yen		
	As of March 31,		**Change**
	2021	**2020**	
Iron & Steel Products	251.0	249.2	+1.8
Mineral & Metal Resources	438.0	388.4	+49.6
Energy	383.5	344.3	+39.2
Machinery & Infrastructure	944.4	900.6	+43.8
Chemicals	179.3	165.1	+14.2
Lifestyle	624.1	613.3	+10.8
Innovation & Corporate Development	214.0	210.7	+3.3
All Other and Adjustments and Eliminations	9.7	9.4	+0.3
Consolidated Total	**3,044.0**	**2,881.0**	**+163.0**

- Other investments increased by ¥471.2 billion, mainly due to the following factor:
  - As a result of higher share prices, fair value on financial assets measured at FVTOCI increased by ¥472.8 billion.
- Trade and other receivables declined by ¥116.4 billion, mainly due to the following factors:
  - An impairment of ¥66.9 billion for doubtful debt regarding the Moatize mine business and Nacala Corridor rail & port infrastructure businesses in Mozambique;
  - A decline of ¥49.8 billion in current portion of long-term receivables of Mineral & Metal Resources Segment, mainly due to reclassification to current maturities; and
  - An increase in receivable balance from Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion.
- Property, plant and equipment increased by ¥53.7 billion, mainly due to the following factors:
  - An increase of ¥94.3 billion (including foreign exchange translation profit of ¥77.4 billion) at iron ore mining operations in Australia;
  - An increase of ¥31.5 billion (including foreign exchange translation profit of ¥16.8 billion) at coal mining operations in Australia; and
  - A decline of ¥74.3 billion (including foreign exchange translation profit of ¥19.0 billion) at the oil and gas projects (*), mainly due to impairment losses at Mitsui E&P Italia A S.r.l and Mitsui E&P Australia.
    (*) including the U.S. shale gas and oil projects from the current year.

The following table shows the details of property, plant and equipment as of March 31, 2021 and 2020 by operating segment.

	Billions of Yen		
	As of March 31,		Change
	2021	2020	
Iron & Steel Products	8.9	10.0	(1.1)
Mineral & Metal Resources	453.4	327.6	+125.8
Energy	740.8	781.0	(40.2)
Machinery & Infrastructure	237.9	279.1	(41.2)
Chemicals	209.4	212.4	(3.0)
Lifestyle	200.7	204.4	(3.7)
Innovation & Corporate Development	135.9	118.4	+17.5
All Other and Adjustments and Eliminations	188.1	188.5	(0.4)
Consolidated Total	**2,175.1**	**2,121.4**	**+53.7**

For the details for the categories of property, plant and equipment leased to others as of March 31, 2021 and 2020, see Note 9, “LEASES.”

- Investment property increased by ¥23.0 billion, mainly due to an increase in the Innovation & Corporate Development Segment.
- Deferred tax assets increased by ¥53.2 billion, mainly due to following factors:
  - Recognition of deferred tax assets by ¥39.0 billion in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.; and
  - Recognition of deferred tax assets related to losses from valuation of fixed assets and impact of exchange rate at Mitsui E&P Australia were main reasons for increase by ¥19.2 billion.

<u>Liabilities</u>

Current Liabilities:

- Short-term debt increased by ¥3.0 billion. Furthermore, the current portion of long-term debt increased by ¥51.0 billion, mainly due to a reclassification to current maturities.
- Trade and other payables increased by ¥176.8 billion, corresponding to the increase in trade and other receivables.
- Other financial liabilities declined by ¥255.7 billion, mainly due to corresponding decline in other financial assets and payments on account payable at the integrated development project in the 2, Otemachi 1-Chome District.

Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥233.9 billion.
- Provisions increased by ¥33.2 billion mainly due to increase in asset retirement obligations in Mitsui E&P Australia and Mitsui Coal Holdings Pty.Ltd.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥185.5 billion.
- Other components of equity increased by ¥597.7 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥359.7 billion; and
  - Foreign currency translation adjustments increased by ¥258.9 billion, mainly reflecting the appreciation of the Australian dollar, and the U.S. dollar against the Japanese Yen, even though the Brazilian real has depreciated.
- Treasury stock which is a subtraction item in shareholders' equity increased by ¥24.4 billion, mainly due to the shares buy-back for ¥71.3 billion(including a buy-back for share-based compensation plan for employees of ¥6.9 billion), despite cancellation of the stock for ¥46.7 billion.

6) Cash Flows

(Billions of Yen)	Current Year	Previous Year	Change
Cash flows from operating activities	772.7	526.4	+246.3
Cash flows from investing activities	(322.5)	(185.2)	(137.3)
Free cash flow	450.2	341.2	+109.0
Cash flows from financing activities	(487.0)	(204.6)	(282.4)
Effect of exchange rate changes on cash and cash equivalents etc.	41.2	(34.0)	+75.2
Change in cash and cash equivalents	4.4	102.6	(98.2)

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	772.7	526.4	+246.3
Cash flows from change in working capital	b	56.2	(95.5)	+151.7
Repayments of lease liabilities	c	(58.4)	(60.9)	+2.5
Core Operating Cash Flow	a-b+c	658.1	561.0	+97.1

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥56.2 billion of net cash inflow. Repayments of lease liabilities for the current year was ¥58.4 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 ¥658.1 billion. From the current year, in order to reflect a regular cash generation output from operating activities more appropriately, repayments of lease liabilities have been deducted. In conformity with this change, Core Operating Cash Flow for the previous year has been restated.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥307.8 billion, an increase of ¥8.6 billion from ¥299.2 billion for the previous year; and
  - Depreciation and amortization for the current year was ¥273.6 billion, an increase of ¥17.5 billion from ¥256.1 billion for the previous year.

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

(Billions of Yen)	Current Year	Previous Year	Change
Iron & Steel Products	2.0	2.2	(0.2)
Mineral & Metal Resources	308.1	243.7	+64.4
Energy	123.2	206.5	(83.3)
Machinery & Infrastructure	78.7	86.8	(8.1)
Chemicals	62.5	35.8	+26.7
Lifestyle	19.8	20.5	(0.7)
Innovation & Corporate Development	55.1	3.9	+51.2
All Other and Adjustments and Eliminations	8.7	(38.4)	+47.1
Consolidated Total	**658.1**	**561.0**	**+97.1**

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 ¥56.5 billion, mainly due to the following factors:
  - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥36.3 billion;
  - An investment in Japan Arctic LNG B.V, which participates in the Arctic LNG 2 Project in Russia;
  - An investment in Caitan S.p.A, which participates in desalination and conveyance projects for BHP Spence copper mine in Chile, for ¥10.5 billion; and
  - A sale of the IPP business in North America.

・ Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥9.5 billion, mainly due to the following factors:
  - A sale of investment in San-ei Sucrochemical Co., Ltd., for ¥13.5 billion; and
  - Investments in power generating businesses for ¥10.9 billion.

・ Net cash inflows that corresponded to increase in loan receivable (net of collections of loan receivable) were ¥14.2 billion, despite of execution of loan to Japan Arctic LNG B.V.

・ Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥206.4 billion, mainly due to the following factors:
  - An expenditure for iron ore mining operations in Australia for ¥39.3 billion;
  - An expenditure for the oil and gas projects for ¥37.0 billion;
  - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥36.9 billion;
  - An expenditure for coal mining operations in Australia for ¥19.6 billion; and
  - An expenditure for power generating businesses for ¥18.2 billion.

・ Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥53.1 billion, mainly due to an expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥37.8 billion.

The following table shows net cash provided by (used in) investing activities by operating segment.

	Billions of Yen	
	Current Year	**Previous Year**
Iron & Steel Products	5.8	7.5
Mineral & Metal Resources	(50.0)	(50.0)
Energy	(125.6)	(102.8)
Machinery & Infrastructure	(11.1)	(50.0)
Chemicals	1.2	(15.3)
Lifestyle	(1.5)	47.7
Innovation & Corporate Development	(67.4)	0.1
All Other and Adjustments and Eliminations	(73.9)	(22.4)
Consolidated Total	**(322.5)**	**(185.2)**

Cash Flows from Financing Activities

- Net cash outflows from net change in short-term debt were ¥26.5 billion, net cash outflows from net change in long-term debt were ¥177.0 billion, and cash outflow from repayments of lease liabilities were ¥58.4 billion.
- The cash outflow from the purchases of treasury stock was ¥71.3 billion (including a buy-back for share-based compensation plan for employees of ¥6.9 billion).
- The cash outflow from payments of cash dividends was ¥135.5 billion.
- The cash outflow from transactions with non-controlling interest shareholders was ¥18.2 billion, mainly due to an additional acquisition of a stake in Collahuasi copper mine in Chile.

See “2) Funding Sources” for funding during the year ended March 31, 2021.

(6) Critical Accounting Policies and Estimates

Accounting policies and estimates are considered to be critical if they are important to our financial condition and results of operations and involve estimates that require management's subjective or significant judgment about the effect of matters that are inherently uncertain.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Note that the global economic recovery is expected to be boosted by additional economic measures in major countries as well as by widespread availability of vaccinations. China, which controlled the spread of infection during the early stage, is already on a recovery path, and the U.S., which is expanding large-scale financial measures, is expected to return to the level before the COVID-19 outbreak in the first half of the year. Then, Japan is expected to return to the pre-COVID-19 level by the end of the year and Europe by next year. Regarding the economic recovery from the COVID-19, the Company expects that COVID-19 pandemic will be gradually shrinking along with the widespread of vaccinations, however, the speed of economic recovery will vary among products, businesses, and locations. The estimates are determined based on each situation.

The following items require significant management judgments and estimates.

Impairment losses and reversal of impairment losses of Non-financial Assets and Investments in Equity Accounted Investee

Impairment losses of tangible fixed assets and intangible assets other than goodwill and intangible assets with infinite estimated useful lives, for the years ended March 31, 2021 and 2020, were ¥45.4 billion and ¥90.4 billion, respectively. Reversal of impairment losses of the assets for the year ended March 31, 2021, was ¥4.3 billion. There was no reversal of impairment losses of the assets for the year ended March 31, 2020. The carrying amounts of these assets, net of accumulated depreciation and impairment losses, as of March 31, 2021 and 2020, were ¥2,580.2 billion and ¥2,508.2 billion, respectively.

The amount of impairment losses of investments in equity accounted investees for the years ended March 31, 2021 and 2020, were ¥4.5 billion and ¥5.6 billion, respectively. There was no reversal of impairment losses of the assets for the year ended March 31, 2021 and 2020. The carrying amounts of investments in equity accounted investees as of March 31, 2021 and 2020, were ¥3,044.0 billion and ¥2,881.0 billion, respectively.

Impairment losses and reversal of impairment losses of non-financial assets and investments in equity accounted investees may have a material impact on our profit for the year.

Impairment losses were mainly due to the declining profitability resulting from deterioration of business environment and the reorganization of business structure of our consolidated subsidiaries and the fall in the market value of investments in equity accounted investees.

Non-financial assets and investments in equity accounted investees are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the non-financial assets or asset groups and the investment are estimated. Where the carrying amount exceeds its recoverable amount, the difference is recognized as impairment loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use.

Fair value is assessed as the price in an orderly transaction between market participants, such as the market price of marketable investments in equity accounted investees and the price on the appraisal report by the independent third party.

Cash flow projections used in calculations of value in use are based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent condition of the non-financial asset. In these plans, for example, we assume:

- that the level of most recent selling prices and rents of real estate in the surrounding areas will remain unchanged for a reasonable period in the future;

- that the estimate of the sales prices of the products from facilities and equipment for the certain future period is based on the average price of the equivalent length of period in the past or on the analysts' reports;

- that for the development equipment and mining rights involved in resource businesses such as coal and oil, the most updated reserve will be produced in accordance with a production plan by using the non-financial assets, and that such materials to be produced will be sold on the assumption of prices based on futures prices as of the time of the review for impairment, prices estimated by third parties, or sales prices under long-term sales contracts. See the description of impairment losses in Note 11, "PROPERTY, PLANT AND EQUIPMENT"; and

- that the estimate of the revenues from an operation derived from customer relationship for the certain future period is based on the degree of contribution to revenues in the past, on the past ratio of cancellation of contracts, and on analysts' market forecasts.

A profit margin which is deemed to be the market average and the risks inherent in the cash-generating unit is used as discount rate to calculate value in use.

Factors to be considered when estimating future cash flows and determining discount rates vary for each non-financial asset because of the difference in nature of the assets and in operating circumstances, such as location, owner, operator, profitability and other factors.

An assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in consolidated statements of income only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized.

Impairment of Goodwill

Impairment losses on goodwill for the year ended March 31, 2021 and 2020 were ¥11.8 billion and ¥20.4 billion, respectively. The carrying amounts as of March 31, 2021 and 2020 were ¥50.0 billion and ¥52.7 billion, respectively.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit may be impaired.

Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the recoverable amount. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss. The recoverable amount is estimated by the same method as impairment testing of non-financial assets.

Non-marketable equity financial assets measured at fair value

Non-marketable equity securities measured at fair value are generally elected to be designated as FVTOCI. The carrying amounts of non-marketable securities which are the fair value as of the year ended March 31, 2021 and 2020 were ¥709.2 billion and ¥671.4 billion, respectively.
The Company performs internal valuation analyses using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques, or utilizes external valuation performed by independent external experts when management believes the amounts are material.
See (3) Assets and liabilities measured at fair value on a recurring basis in Note 24, "FAIR VALUE MEASUREMENT" for the estimate of crude oil price which is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities.
Similar to impairment of non-financial assets and investments in equity accounted investee, cash flow projections used in the fair value calculations are based on business plans authorized by investee's management. Estimates and assumptions for fair value calculations could significantly impact other comprehensive income.

Tax Asset Valuation

Decrease in deferred tax assets due to the changes in assessment for their recoverability has had a significant impact on our profit and other comprehensive income for the year.

Our management determines the recoverability of deferred tax assets based on all available evidence including tax deductibility on future years and forecast of future taxable incomes of Mitsui and its subsidiaries. Deferred tax assets are recognized to the extent that they are recoverable, and the amount of recoverable deferred tax assets may fluctuate due to the change in estimates of future taxable incomes or statutory tax rates.

Reserve estimates for oil and gas producing and mining activities

Reserves are estimates of the amount of product that can be economically and legally extracted from interests in our properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- Asset carrying values may be impaired due to changes in estimated future cash flows.

- Depreciation and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Defined benefit costs and obligations

Employee defined benefit costs and obligations are dependent on various assumptions, including discount, retirement, and mortality rates, which are based on current statistical data, and other factors. In accordance with IFRS, the difference between actual results and the assumptions is recognized immediately in other components of equity and are transferred to retained earnings on recognition, and, therefore, generally affects comprehensive income and retained earnings. Management believes that the assumptions used are appropriate; however, differences in actual experience or changes in assumptions may affect our future defined benefit costs and obligations.

We determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds or long-term Japanese government bonds. The discount rates determined on each measurement date are used to calculate the defined benefit obligations as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

See Note 18, “EMPLOYEE BENEFITS,” for further discussion about the estimates and assumptions on the defined benefit costs and obligations.

4. Material Contracts

There are no contracts for which disclosure is required.

5. Research & Development

There are no R&D activities for which disclosure is required.

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2021, see “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 6, “SEGMENT INFORMATION.”

Expenditures for property, plant, equipment and investment property for the year ended March 31, 2021 mainly included total expenditures for integrated development project in the 2, Otemachi 1- Chome District of ¥74.7 billion in the Corporate Segment and Innovation & Corporate Development Segment, expenditure for the iron ore mining operations in Australia of ¥39.3 billion and for the coal mining operations in Australia of ¥19.6 billion in the Mineral & Metal Resources Segment, expenditures for the oil and gas projects of ¥37.0 billion in the Energy Segment, and total expenditures for the power generating businesses of ¥18.2 billion in the Energy Segment and Machinery & Infrastructure Segment.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy		Long-term charter (lease)	Chiyoda-ku, Tokyo	-	-	-	-	3	152,413	
Innovation & Corporate Development		Multi-purpose office complex	Chiyoda-ku, Tokyo	-	-	-	-	-	104,689	
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,299	6,500	30,462	66,886	326	9,409	
	Kansai Office	Office building	Kita-ku, Osaka-shi, Osaka	82	3,038	2,161	6,166	-	-	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi, Aichi	46	1,525	548	663	-	20	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	-	15,655	2,045	781	-	4	
		Global Human Resource Development Center	Tsuzuki-ku, Yokohama-shi, Kanagawa	-	15,000	2,417	814	-	-	

(Notes) 1. For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.
2. For the number of employees, the total number in each company or office is presented.
3. For the carrying amount of Mitsui & Co., Ltd., the amount of the equipment and facilities is presented. For the carrying amount of domestic and overseas subsidiaries, the total amount in each company is presented.
4. For movables such as ships and aircraft, the location of each company’s head office is presented.
5. The amounts of rights-of-use assets under IFRS 16 "Leases" are included in the amounts above.

(2) Domestic Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	167	108,753	7	1,667	54,023	19,021	Including mineral rights
Lifestyle	MITSUI FOODS CO., LTD.	Tokyo Metropolitan West Distribution Center	Midori-ku, Sagamihara-shi, Kanagawa	1,103	28,146	11,576	20,895	2,537	3,475	Including investment property
	PRIFOODS CO., LTD.	Hosoya Factory and others	Misawa-shi, Aomori and others	1,752	3,829,240	3,476	10,916	8,583	483	
	Bussan Logistics Solutions Co., Ltd.	Saitama Daiichi Center and others	Asaka-shi, Saitama and others	715	9,540	3,690	16,197	1,861	-	
Innovation & Corporate Development	MITSUI & CO. REAL ESTATE LTD.	Hibiya Central Building and others	Minato-ku, Tokyo	42	-	-	30	27	52,990	Including investment property
	Mitsui & Co. Global Logistics, Ltd..	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	677	60,364	14,655	14,736	1,130	8,747	Including investment property

(Note) Notes are the same as Notes 1. to 5. in (1) Mitsui & Co., Ltd.

(3) Overseas Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Mineral & Metal Resources	Mitsui Iron Ore Development Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	8	-	402	95,760	56,026	25,593	
	Mitsui Iron Ore Corporation Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	9	-	-	7,940	31,265	26,911	Including mineral rights
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	-	-	-	24,474	80,229	17,342	
	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	19	-	-	4,985	59,671	21,724	Including mineral rights

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy	Mitsui E&P Italia A S.r.l.	Crude oil / gas manufacturing facility and others	Basilicata, Italy	5	67,500	603	-	87,003	68,915	Including mineral rights
	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Offshore Western Australia, Australia and others	51	-	20	-	65,036	25,396	Including mineral rights
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	42	-	-	-	69,600	8,675	Including mineral rights
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	24	-	-	11	24,371	1,459	Including mineral rights
	MEP Texas Holdings LLC	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	-	-	-	-	20,197	635	Including mineral rights
	AWE Pty Ltd.	Crude oil / gas manufacturing facility and others	Western Australia, Australia and others	-	46,690,500	858	-	7,713	43,605	Including mineral rights
	MOEX North America LLC	Crude oil / gas manufacturing facility and others	Kaikias Field, Gulf of Mexico, U.S.A.	-	-	-	-	11,544	13,617	Including mineral rights
	MyPower Corp.	Solar power plant and others	New York, U.S.A.	167	-	925	-	29,373	18,498	
Machinery & Infrastructure	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	115	-	-	549	79,866	968	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	-	-	-	338	3	41,203	Including property leased to others
	M&T Aviation Limited	Aircraft	Dublin, Ireland	4	-	-	-	2	24,742	Including property leased to others
	M&T Aviation Finance (Ireland) Limited	Aircraft	Dublin, Ireland	-	-	-	-	-	23,038	Including property leased to others

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Chemicals	Inter-continental Terminals Company LLC	Chemical tank terminal	Deer Park, Texas, U.S.A.	420	1,067,953	3,594	101,707	598	1,622	Including property leased to others
	MMTX Inc.	Methanol production facility	Houston, Texas, U.S.A.	2	-	-	1,177	31,749	276	
	Shark Bay Salt Pty. Ltd	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	159	-	577	15,895	6,112	1,171	
Lifestyle	Xingu Agri AG	Tabuleiro farm	Bahia, Brazil	428	970,725 (thousand ㎡)	26,588	2,281	2,076	18,431	Including investment property
	Kaset Phol Sugar Ltd.	Sugar production equipment	Udon Thani Province, Thailand	404	-	654	8,186	19,212	9,727	
Innovation & Corporate Development	MBK Real Estate Holdings Inc.	Senior living and multi-family properties	Bellevue, Washington, U.S.A. and others	2,240	-	12,555	62,255	456	42,706	Including property leased to others and investment property

(Note) Notes are the same as Notes 1. to 5. in (1) Mitsui & Co., Ltd.

3. Plans for New Additions or Disposals

As indicated in “1. Overview of Capital Expenditures,” major capital expenditures include expenditure for the Mineral & Metal Resources Segment and the Energy Segment, and areas in these segments are focused in the future.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	2,500,000,000
Total	2,500,000,000

2) Number of Shares Issued

Class	Number of shares outstanding (as of March 31, 2021)	Number of shares outstanding as of issuance date of this report (June 18, 2021)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,717,104,808	1,687,104,808	Securities Exchanges in Tokyo, Nagoya, (both listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,717,104,808	1,687,104,808	-	-

(2) Status of the Share Subscription Rights

1) Stock Option Plans

Share Subscription Rights issued based on the Companies Act of Japan are as follows:

i) Stock Option based on the resolution of the Board of Directors on July 4, 2014
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 4, 2014	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)	
Number of subscription rights to shares	437	387
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	43,700 (Note 1)	38,700 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2017 to July 27, 2044	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Notes) 1. The class of shares to be issued upon exercise of subscription rights to shares shall be common shares of Mitsui, and the number of shares to be issued upon exercise of one subscription right to shares (hereinafter referred to as the "number of shares granted") will be 100 shares.

After the day of allotment, however, if Mitsui undertakes a share split (including gratis allotment of common shares of Mitsui. The same shall apply to the description of the share split hereinafter.), or a share consolidation with respect to common shares of Mitsui, an adjustment to the number of shares granted will be made according to the following formula, and any fractional portion of less than one share resulting from the foregoing adjustment shall be disregarded:

Number of shares granted after adjustment
= Number of shares granted before adjustment × Ratio of share split or share consolidation

2. Exercise of right by an heir

In the case that inheritance from a holder of subscription rights to shares commenced for reasons such as the death of the holder, only one of the heirs-at-law of the holder of subscription rights to shares (hereinafter referred to as the "heir-at-law") may exercise the offered subscription rights to shares. It is not permitted to inherit subscription rights to shares again in the case that the heir-at-law dies.

3. Conditions for exercise of subscription rights to shares
   (1) A holder of subscription rights to shares may no longer exercise the subscription rights to shares after a period of 10 years has elapsed from the day following the day on which the holder of subscription rights to shares loses his/her position as Director, and/or Executive Officer, and/or Audit & Supervisory Board Member of Mitsui.
   (2) A holder of subscription rights to shares may exercise all of the subscription rights to shares only when, as the stock price conditions, Mitsui's stock price growth rate for the period of three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate, reflecting that degree, the holder of subscription rights to shares may exercise only part of such subscription rights to shares allotted (please refer to the below for details).
   (3) Notwithstanding the exercise period of subscription rights to shares prescribed above, if a proposal for approval of a merger agreement under which Mitsui is to be dissolved, or a proposal for approval of a share exchange agreement or a share transfer plan, under which Mitsui will become a wholly-owned subsidiary is approved at an ordinary general meeting of shareholders of Mitsui, holders of subscription rights to shares may exercise offered subscription rights to shares within 15 days from the following day of the day on which such proposal for approval is approved, except where subscription rights to shares of a restructured company are to be issued to the holders of subscription rights to shares in accordance with Note 4 below.
   (4) In the event that Mitsui recognizes any violation of laws and regulations, misconduct of the duties, act conflicting with the duty of due care or duty of loyalty, or any other act equivalent thereto of a holder of subscription rights to shares during the period in which he/she serves as Mitsui's Director, and/or Executive Officer, and/or Audit & Supervisory Board Member, Mitsui may limit, subject to a resolution by the Board of Directors of Mitsui, the number of subscription rights to shares that may be exercised by such holder of subscription rights to shares. In this event, such holder of subscription rights to shares may not exercise the subscription rights to shares more than the said limit.

4. If Mitsui is to engage in a merger (limited to cases where Mitsui is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases where Mitsui is to be a split company), or a share exchange or a share transfer (both limited to cases where Mitsui is to be a wholly-owned subsidiary) (all of which are collectively referred to as a "restructuring transaction"), subscription rights to shares in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act of Japan (such entity hereinafter referred to as the "restructured company") shall be issued, in accordance with the following conditions, to holders of subscription rights to shares who hold subscription rights to shares remaining in effect immediately prior to the effective date of the restructuring transaction (hereinafter respectively referring to the effective date of an absorption-type merger in case of an absorption-type merger, the date of formation of a new company incorporated by the merger in case of a consolidation-type merger, the effective date of an absorption-type company split in case of an absorption-type company split, the date of formation of a new company in case of an incorporation-type company split, the effective date of a share exchange in the case of a share exchange, and the date of formation of a wholly-owning parent company in case of a share transfer) (such rights hereinafter referred to as "remaining subscription rights to shares"). In this event, the remaining subscription rights to shares shall become extinct, and the restructured company shall newly issue subscription rights to shares. However, such rights may be granted only if provisions for issuing the subscription rights to shares of the restructured company in accordance with the following conditions are included in an absorption-merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.
   (1) The number of subscription rights to shares of the restructured company to be issued
   The same number of subscription rights to shares as the number of remaining subscription rights to shares owned by respective holders of subscription rights to shares shall be issued.
   (2) The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares
   The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares shall be common shares of the restructured company.
   (3) The number of shares of the restructured company to be issued upon exercise of subscription rights to shares
   The number of shares of the restructured company to be issued upon exercise of subscription rights to shares shall be determined in accordance with the provisions in Note 1 above, taking into consideration the conditions and other factors concerning the restructuring transactions.
   (4) The amount of assets to be contributed upon exercise of subscription rights to shares

The amount of assets to be contributed upon exercise of each subscription right to shares to be issued shall be the amount obtained by multiplying the amount to be paid in after restructuring as prescribed below by the number of shares of the restructured company to be issued upon exercise of each subscription right to shares that will be determined in accordance with (3) above. The amount to be paid in after restructuring shall be ¥1 per share of the restructured company to be issued upon exercise of each subscription right to shares to be issued.

(5) Exercise period of subscription rights to shares

The exercise period of subscription rights to shares shall begin on the date of commencement of the exercise period or the effective date of the restructuring transaction, whichever is later, and end on the closing date of the exercise of such subscription rights to shares.

(6) Matters concerning capital stock and capital reserve to be increased in the event of issuance of shares upon exercise of subscription rights to shares

It shall be determined in accordance with the memorandum for offering.

(7) Restriction on acquisition of subscription rights to shares through transfer

Acquisition of subscription rights to shares through transfer requires the approval of the restructured company.

(8) Terms and conditions of acquisition of subscription rights to shares

It shall be determined in accordance with the memorandum for offering.

(9) Other conditions for exercise of subscription rights to shares

It shall be determined in accordance with the memorandum for offering.

Details of stock price conditions

1. When Mitsui's stock price growth rate*1 is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate*2: All of the subscription rights to shares granted may be exercised.

2. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate: Only part of the subscription rights to shares granted*3 may be exercised.

*1 Mitsui's stock price growth rate shall be calculated by the formula below based on Mitsui's stock price growth rate for the period of three years from the allotment date to the first date of the exercise period.

A: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

B: The total amount of dividends per common share of Mitsui for the period from the allotment date to the first date of the exercise period of the subscription rights to shares

C: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

Mitsui's stock price growth rate = (A + B) / C

*2 The TOPIX growth rate shall be calculated by the formula below based on the TOPIX growth rate for the period of three years from the allotment date to the first date of the exercise period.

D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

TOPIX growth rate = D / E

*3 **Number of exercisable subscription rights to shares = Number of subscription rights to shares granted × (Mitsui's stock price growth rate / TOPIX growth rate)**

ii) Stock Option based on the resolution of the Board of Directors on July 8, 2015
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 8, 2015	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)	
Number of subscription rights to shares	459	459
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	45,900 (Note 1)	45,900 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2018 to July 27, 2045	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

iii) Stock Option based on the resolution of the Board of Directors on July 13, 2016
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 13, 2016	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 28 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	1,538	1,538
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	153,800 (Note 1)	153,800 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 29, 2019 to July 28, 2046	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

iv) Stock Option based on the resolution of the Board of Directors on July 5, 2017
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 5, 2017	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 29 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	2,345	2,264
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	234,500 (Note 1)	226,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 20, 2020 to July 19, 2047	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

v) Stock Option based on the resolution of the Board of Directors on July 4, 2018
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 4, 2018	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 29 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	2,491	2,491
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	249,100 (Note 1)	249,100 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 25, 2021 to July 24, 2048	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

vi) **Stock Option based on the resolution of the Board of Directors on July 3, 2019**
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 3, 2019	
Class and number of person for subscription rights to shares	2 retired Managing Officers to whom granting Stock options were withheld during their assignment outside Japan	
Number of subscription rights to shares	284	284
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	28,400 (Note 1)	28,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 24, 2022 to July 23, 2049	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

vii) Stock Option based on the resolution of the Board of Directors on July 10, 2020
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	July 10, 2020	
Class and number of person for subscription rights to shares	4 retired Managing Officers to whom granting Stock options were withheld during their assignment outside Japan	
Number of subscription rights to shares	298	298
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	29,800 (Note 1)	29,800 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 29, 2023 to July 28, 2050	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

viii) Stock Option based on the resolution of the Board of Directors on May 13, 2021
(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2021	As of May 31, 2021
Date of resolution	May 13, 2021	
Class and number of person for subscription rights to shares	2 Executive Officers who are not serving concurrently as Mitsui's Directors (to whom granting Stock options were withheld during their assignment outside Japan, including a retired Executive Officer)	
Number of subscription rights to shares	-	134
Class of shares to be issued upon exercise of subscription rights to shares	-	Common stock The number of shares constituting a unit is 100.
Number of shares to be issued upon exercise of subscription rights to shares	-	13,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	-	¥1
Exercise period of subscription rights to shares	-	From May 31, 2024 to May 30, 2051
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	-	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.
Conditions for the exercise of subscription rights to shares	-	(Notes 2, 3)
Matters regarding acquisition of subscription rights to shares through transfer	-	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors
Matters regarding the grant of subscription rights to shares upon organizational restructuring	-	(Note 4)

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in i) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

2) Rights Plan

Not applicable.

3) Other Information about Share Subscription Rights

Not applicable.

(3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2016 to March 31, 2017	-	1,796,514	-	341,481	-	367,758
From April 1, 2017 to March 31, 2018	-	1,796,514	-	341,481	-	367,758
From April 1, 2018 to March 31, 2019 (Note 1)	(54,168)	1,742,345	-	341,481	-	367,758
From April 1, 2019 to March 31, 2020 (Note 2)	339	1,742,684	293	341,775	293	368,052
From April 1, 2020 to March 31, 2021 (Notes 3, 4, 5)	(25,580)	1,717,104	304	342,080	304	368,356

(Notes)
1. The number of shares issued was decreased by 54,168,500 dated April 20, 2018 due to the cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on February 2, 2018.
2. The number of shares issued was increased by 339,279 and the balance of common stock and balance of additional paid-in capital were increased by 293 million yen each dated August 2, 2019 due to issuance of new shares under the remuneration system of share performance-linked restricted stock for Directors and Managing Officers based on the resolution of the meeting of the Board of Directors held on July 3, 2019.
   Issue price: 1,731 Yen
   Amount incorporated into common stock: 865.5 Yen
3. The number of shares issued was decreased by 25,964,700 dated April 20, 2020 due to the cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on October 30, 2019.
4. The number of shares issued was increased by 384,602 and the balance of common stock and balance of additional paid-in capital were increased by 304 million yen each dated August 7, 2020 due to issuance of new shares under the remuneration system of share performance-linked restricted stock for Directors and Managing Officers based on the resolution of the meeting of the Board of Directors held on July 10, 2020.
   Issue price: 1,585 Yen
   Amount incorporated into common stock: 792.5 Yen
5. The number of shares issued was decreased by 30,000,000 dated April 1, 2021 due to the cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on February 24, 2021.

(5) Status of Shareholders

As of March 31, 2021

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	-	242	62	2,305	912	432	271,416	275,369	-
Number of shares held (units)	-	6,474,230	929,062	714,181	5,151,667	6,914	3,884,099	17,160,153	1,089,508
Ratio (%)	-	37.73	5.41	4.16	30.02	0.04	22.63	100.00	-

(Notes) 1. Regarding treasury stock of 44,702,359 shares, 447,023 units (44,702,300 shares) are included in "Individuals and other," and 59 shares are included in "Shares under one unit."

2. Regarding 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in "Other corporations," and 15 shares are included in "Shares under one unit."

(6) Status of Major Shareholders

As of March 31, 2021

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	173,920	10.39
Custody Bank of Japan, Ltd. (trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	100,628	6.01
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing agent: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A. (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	91,493	5.47
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	2.09
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	25,667	1.53
STATE STREET BANK WEST CLIENT －TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	24,523	1.46
Custody Bank of Japan, Ltd. (trust account 5)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	24,520	1.46
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	21,840	1.30
Custody Bank of Japan, Ltd. (trust account 6)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	21,735	1.29
Custody Bank of Japan, Ltd. (trust account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	21,647	1.29
Total	-	541,048	32.35

(Notes) 1. In addition to the shares listed above, the Company holds treasury stock of 44,702 thousand shares. The Percentage of common stock issued is calculated excluding treasury stock.
2. The number of shares is rounded down to the nearest thousand.
3. Percentage of common stock issued is rounded down to two decimal places.
4. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2021. Reports by large volume shareholders include portions held by joint holders.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Bank, Ltd.	October 15, 2018	84,529,900	4.85
Mizuho Bank, Ltd.	November 15, 2018	74,431,118	4.27
Sumitomo Mitsui Trust Bank, Ltd.	June 14, 2019	87,206,500	5.01
Mizuho Bank, Ltd.	September 30, 2019	89,773,218	5.15
Mitsubishi UFJ Financial Group, Inc.	December 23, 2019	104,359,600	5.99
BlackRock Japan Co., Ltd.	March 31, 2020	91,052,140	5.22
National Indemnity Company	August 24, 2020	86,453,900	5.03
Sumitomo Mitsui Trust Bank, Ltd.	December 15, 2020	103,181,200	6.01
Nomura Securities Co.,Ltd.	January 15, 2021	87,081,683	5.07
Mizuho Bank, Ltd.	March 15, 2021	69,144,118	4.03

(7) Status of Voting Rights

1) Shares Issued

As of March 31, 2021

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (Treasury stock, etc.)	-	-	-
Shares with restricted voting rights (Others)	-	-	-
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 44,702,300	-	-
	(Cross-holding stock) Common stock 120,700	-	-
Shares with full voting rights (Others)	Common stock 1,671,192,300	16,711,923	-
Shares under one unit	Common stock 1,089,508	-	Shares under one unit (100 shares)
Total shares issued	1,717,104,808	-	-
Total voting rights held by all shareholders	-	16,711,923	-

(Notes) 1. Other than the numbers provided in the column "Shares with full voting rights (Treasury stock, etc.)," there are 3,896,000 shares held by Mitsui's Employee Stock Ownership Plan trust that are considered as treasury stock in Mitsui's consolidated financial statement, and such shares are included in the column "Shares with full voting rights (Others)". In the column "Number of voting rights (Units)," 38,960 units of voting rights related to the shares with full voting rights held by Mitsui's Employee Stock Ownership Plan trust are included.

2. In the column "Shares with full voting rights (Others)," "1,671,192,300 shares in common stock" and "16,711,923 units of voting rights" include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

3. In the column "Shares under one unit," "1,089,508 shares in common stock" include 59 shares of treasury stock (under one unit) held by Mitsui, 50 shares of cross-holding stock (under one unit) held by FEED ONE., LTD. and 15 shares (under one unit) that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2021

Name of shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	Percentage of interest (%)
Mitsui & Co., Ltd. (Treasury stock)	2-1, Otemachi, 1-chome, Chiyoda-ku, Tokyo	44,702,300	-	44,702,300	2.60
Feedone Co., Ltd. (Cross-holding stock)	2-23-2, Tsuruyacho, Kanagawa-ku, Yokohama-shi, Kanagawa	120,700	-	120,700	0.01
Total	-	44,823,000	-	44,823,000	2.61

(Note) In addition to the abovementioned, there are 59 shares of treasury stock (under one unit), 50 shares of cross-holding stock (under one unit) and 3,896,000 shares held by Mitsui's Employee Stock Ownership Plan trust that are considered as treasury stock in Mitsui's consolidated financial statement.

(8) Share Ownership Plan for Directors (and Other Officers) and Employees

1) Overview of the Share-Based Compensation Plan for Employees

According to the resolution of the Board of Directors on July 31, 2020, Mitsui has introduced a share-based compensation plan for its employees based on an Employee Stock Ownership Plan trust (the "ESOP Trust") (the "Plan") so that its diverse employees continue to work together with its management for "Transform and Grow", the theme of the Medium-term Management Plan 2023 announced in May 2020, and further strengthen its commitment to enhancing its corporate value over the medium-to-long term.
The ESOP Trust will be formed by the cash contributed by Mitsui. The shares of Mitsui acquired by the ESOP Trust will be granted to Mitsui's employees, including non-managerial staff, who meet requirements as beneficiaries, based on the number of the points earned by each employee. The number of the points granted to the employees every fiscal year is linked to the qualifications/grade and personnel evaluations of each employee, reinforcing Mitsui's performance-and-achievement based policy.
The Plan will allow the employees to directly benefit from the stock price increase, and thus it is expected to lead to the transformation of each employee's mindset and behavior toward enhancing its corporate value over the medium-to-long term and to the improvement of its engagement.

2) Total Amount of Shares Expected to be Acquired by the Employees

¥ 6.9 billion

3) Scope of the Beneficiaries of the Plan

Employees who meet requirements as beneficiaries

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares] Acquisition of shares of common stock falling under Article 155, Items 3, 7 and 13 of the Companies Act of Japan

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Acquisition falling under Article 155, Item 3 of the Companies Act of Japan

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (March 4, 2020) (Acquisition period: March 9, 2020 to June 23, 2020)	30,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	5,233,500	7,938,125,028
Treasury stock acquired during the current fiscal year	24,766,500	39,020,900,612
Number of shares and total amount of outstanding shares of resolution	-	-
Ratio of non-exercised portion at the end of the current fiscal year (%)	-	-
Treasury stock acquired during the current period for acquisition	-	-
Ratio of non-exercised portion as of issuance date of this report (%)	-	-

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (February 24, 2021) (Acquisition period: February 25, 2021 to April 27, 2021)	30,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	-	-
Treasury stock acquired during the current fiscal year	10,891,400	25,367,719,277
Number of shares and total amount of outstanding shares of resolution	19,108,600	24,632,280,723
Ratio of non-exercised portion at the end of the current fiscal year (%)	63.69	49.26
Treasury stock acquired during the current period for acquisition	10,776,800	24,632,241,699
Ratio of non-exercised portion as of issuance date of this report (%)	27.77	0.00

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (April 30, 2021) (Acquisition period: May 6, 2021 to June 23, 2021)	30,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	-	-
Treasury stock acquired during the current fiscal year	-	-
Number of shares and total amount of outstanding shares of resolution	-	-
Ratio of non-exercised portion at the end of the current fiscal year (%)	-	-
Treasury stock acquired during the current period for acquisition (Note)	10,973,400	26,690,631,919
Ratio of non-exercised portion as of issuance date of this report (%)	63.42	46.61

(Note) "Treasury stock acquired during the current period for acquisition" does not include shares acquired during the period from June 1, 2021, to the issuance date of this report.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Acquisition falling under Article 155, Item 7 of the Companies Act of Japan

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	8,114	15,232,791
Treasury stock acquired during the current period for acquisition (Note)	1,218	2,875,325

(Note) "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2021, to the issuance date of this report.

Acquisition falling under Article 155, Item 13 of the Companies Act of Japan

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	10,260	-
Treasury stock acquired during the current period for acquisition (Note)	8,634	-

(Notes) 1. This is an acquisition without compensation of the part of the ordinary shares which were allocated to Managing Officers under the remuneration system of share performance-linked restricted stock.
2. "Treasury stock acquired during the current period for acquisition" does not include shares acquired without compensation during the period from June 1, 2021, to the issuance date of this report.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock that was disposed of	25,964,700	46,582,718,714	30,000,000	55,378,571,701
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/share delivery/corporate separation	-	-	-	-
Others (Sold due to demand for sale of shares constituting less than one full unit etc.) (Note 1)	163,684	125,774,010	13,100	11,013,300
Number of shares of treasury stock held (Note 2)	44,702,359	-	36,449,311	-

(Notes) 1. The items listed in the "Others" row for the Current fiscal year column are classified into (i) Exercise of the stock options (Number of shares: 163,400 / Total disposition amount: ¥125,284,200) and (ii) Sold due to demand for sale of shares constituting less than one full unit (Number of shares: 284 / Total disposition amount: ¥489,810), and the items listed in the "Others" row for the Current period for acquisition column is the Exercise of the stock options. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2021, to the issuance date of this report.

2. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2021, to the issuance date of this report.

3. Shareholder Return 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.

Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.
It was resolved that the year-end dividend for the year ended March 31, 2021 was ¥45 per share. The annual dividend for the year ended March 31, 2021 was ¥85, including the interim dividend of ¥40 per share.

Under the Medium-term Management Plan announced on May 1, 2020, the minimum annual dividend per share was set at ¥80 based on the level of Core Operating Cash Flow, which was judged to be stable and sustainable. Considering the improvement of cash flow generation ability, we decided to upwardly revise the minimum annual dividend ,for the year ending March 31, 2022 and the year ending March 31, 2023, by ¥10 to ¥90 per share.
In addition, 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 Management Plan period.
For the fiscal year ending March 31, 2022, we plan to pay an annual dividend of ¥90 per share (an increase of ¥5 from the previous fiscal year), taking into consideration of Core Operating Cash Flow and profit for the year attributable to owners of the parent as well as stability and continuity of the amount of dividend.

Dividends for the year ended March 31, 2021 were as follows:
(a) The interim dividend which the Board of Directors resolved on October 30, 2020
Total dividend amount of ¥67,331 million; ¥40 per share
(b) The year-end dividend which Ordinary General Meeting of Shareholders resolved on June 18, 2021
Total dividend amount of ¥75,258 million; ¥45 per share

4. Corporate Governance

(1) Overview of corporate governance

1) Basic Corporate Governance Policy

In structuring the corporate governance framework, Mitsui places emphasis on “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and executive activities of the management.”
For the “improved transparency and accountability,” Mitsui ensures sound supervision and monitoring of management with the viewpoint of External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the “External Members”). Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “the clarification of the division of roles between the oversight activities and executive activities of the management,” Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of 16 business units within headquarters and 2 regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.
While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having Internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Audit & Supervisory Board Members participate, Mitsui achieves highly effective corporate governance to secure “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures:

i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set at an appropriate number of Directors where effective discussion is possible. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Audit & Supervisory Board Members participate as members.

ⅱ) The Audit & Supervisory Board Members supervise the Directors’ execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Audit & Supervisory Board Members carry out multi-faceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

Regarding Mitsui’s basic views and policies on Corporate Governance, we published “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” on Mitsui’s website as follows
(https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/corp_gov.pdf)

Mitsui complies with all Principles of the revised Corporate Governance Code published in June 2018. Please see the “Corporate Governance Report” which we presented to the Tokyo Stock Exchange and other stock exchanges.

2) Corporate Governance Structure of Mitsui

ⅰ) Status of the Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11 in June 2002. In June 2003, the first External Director was appointed, and since the Ordinary General Meeting of Shareholders held in June 2015, five External Directors have been appointed. As of the date of the issuance of this report, 14 Directors (including 3 female External Directors, and the percentage of female Directors is 21.4%) are appointed, 8 of whom also serve as Managing Officers.

- The number of Directors shall be set at an appropriate number where effective discussion is possible. The tenure of Directors is one year, and Directors can be reappointed.

- The Chairman is a Director and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. The role as the Chairman chiefly involves carrying out supervision of management. He does not concurrently serve as an executive officer and he is not involved in the execution of day-to-day business operations.

- In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.

- A regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2021, 16 meetings were held.

- Further, the meeting composed of all External Members (hereinafter referred to as the "External Members Meeting") is held for the purpose of exchanging information and opinions regarding important matters in management among External Members, or among External Members, Internal Directors, Fulltime Audit & Supervisory Board Members, Independent Auditors and/or Managing Officers. The External Members Meeting was held 13 times in the year ended March 31, 2021, where information and opinions were exchanged regarding matters such as the FY 3/20 Full Year Results and Medium-term Management Plan Market Reaction, DX Comprehensive Strategy, Our Efforts in Response to Climate Change/Decarbonization, etc.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors. Mitsui has reviewed the composition of members in order to strengthen the corporate governance structure of Mitsui in June 2015. As a result, External Members compose a majority of the Governance Committee, and an External Director serves as the committee chair of the Nomination Committee as well as the Remuneration Committee. Further, from June 2018, External Members compose a majority of the Nomination Committee. From June 2019, External Members compose a majority of the Remuneration Committee and as of the date of the issuance of this report, an External Audit & Supervisory Board Member serves as the committee chair.

- Mitsui has entered into agreements with each of the External Directors respectively pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit their liability to the minimum amount of liability as stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

- Mitsui has executed a directors and officers liability insurance (D&O insurance) policy under Article 430-3, Paragraph 1 of the Companies Act of Japan, covering all of the Directors as the insureds, with insurance companies. This insurance policy covers compensation for damages and litigation expenses, etc. borne by the insured due to claims for damage compensation arising from actions (including inaction) carried out by the insured in relation to the execution of their duties, and the full insurance premium amount for the insured is borne by Mitsui.

- The compositions of members of the Board of Directors and the Audit & Supervisory Board as of the date of issuance of this report are as follows:
  - Board of Directors:
    Tatsuo Yasunaga (Chairman of the Board of Directors), Kenichi Hori, Takakazu Uchida, Hirotatsu Fujiwara, Shinichiro Omachi, Yoshio Kometani, Miki Yoshikawa, Motoaki Uno, Yoshiaki Takemasu, Izumi Kobayashi (External Director), Jenifer Rogers (External Director), Samuel Walsh (External Director), Takeshi Uchiyamada (External Director), Masako Egawa (External Director)

  - Audit & Supervisory Board:
    Makoto Suzuki, Kimiro Shiotani, Haruka Matsuyama (External Audit & Supervisory Board Member), Hiroshi Ozu (External Audit & Supervisory Board Member), Kimitaka Mori (External Audit & Supervisory Board Member)

- Mitsui has established the three committees below as advisory bodies to the Board of Directors. The compositions of members as of the date of issuance of this report are as follows:

・ Governance Committee

Composition: Committee Chair Chairman of the Board of Directors (Tatsuo Yasunaga)

Members President and Chief Executive Officer (Kenichi Hori), Chief Strategy Officer (Shinichiro Omachi), three External Directors (Jenifer Rogers; Samuel Walsh; Masako Egawa), one External Audit & Supervisory Board Member (Haruka Matsuyama)

Expected Role: The Committee will work to enhance management transparency and fairness and achieve sustained improvement in the Company's corporate governance by continually monitoring corporate governance and considering governance enhancement measures.

Function: To consider basic policies and measures concerning the governance of the Company, to consider the composition, size, and agenda of the Board of Directors, with the aim of achieving further improvement in corporate governance, and to consider the role of the Board of Director's advisory committees, including recommendations on deliberations and discussions in meetings of the Nomination and Remuneration Committees.

・ Nomination Committee

Composition: Committee Chair External Director (Izumi Kobayashi),

Members Chairman of the Board of Directors (Tatsuo Yasunaga), President and Chief Executive Officer (Kenichi Hori), one External Director (Takeshi Uchiyamada), one External Audit & Supervisory Board Member (Hiroshi Ozu)

Chief Human Resources Officer (Yoshiaki Takemasu) shall serve as Director-General.

Expected Role: To enhance the transparency and objectivity of processes relating to the nomination of Directors and Managing officers through the involvement of External Members, and to ensure the fairness of Directors and Managing Officers nominations.

Function: To study the selection and dismissal standards and processes for nominating Directors and Managing Officers, establish succession planning for President and Chief Executive Officer and other top executives, and evaluate Director nomination proposals and to deliberate on the dismissal of Directors and Managing Officers.

・ Remuneration Committee

Composition: Committee Chair External Audit & Supervisory Board Member (Kimitaka Mori),

Members Chief Financial Officer (Takakazu Uchida), Chief Human Resources Officer (Yoshiaki Takemasu), two External Directors (Izumi Kobayashi, Masako Egawa)

Expected Role: To enhance the transparency and objectivity of decision-making processes relating to remuneration for Directors and Managing Officers through the involvement of External Members, and to ensure the fairness of remuneration for Directors and Managing Officers through ongoing monitoring.

Function: To study the system and decision-making process relating to remuneration and bonuses for Directors and Managing Officers, and to evaluate proposals of remuneration and bonuses for Directors and proposals for evaluation and bonuses for Managing Officers.

- Each year the Board of Directors analyzes and evaluates its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each Director, and discloses a summary of the results. A summary of this evaluation for the year ended March 31, 2021 is as described in 4.4.(1).4).i).(a).

ii) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters relating to the overall management. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle. Matters referred to the Corporate Management Committee meeting are determined by the President and Chief Executive Officer, taking into consideration discussions among the Committee members.

- The Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from NASDAQ in April 2011 and the termination of SEC registration in July 2011, Mitsui has implemented the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The safeguarding of company assets;" and consists of: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting," issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

  ・ Compliance Committee
  As an organization under the Corporate Management Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure.

  ・ Disclosure Committee
  As an organization under the Corporate Management Committee, this committee develops principles and basic policy for statutory disclosure, timely disclosure and other important disclosure materials and disclosing acts as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.

  ・ J-SOX Committee
  As an organization under the Corporate Management Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting.

  ・ Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee establishes the corporate portfolio strategy as well as investment and finance policies, monitors our corporate portfolios, and examines important individual proposals.

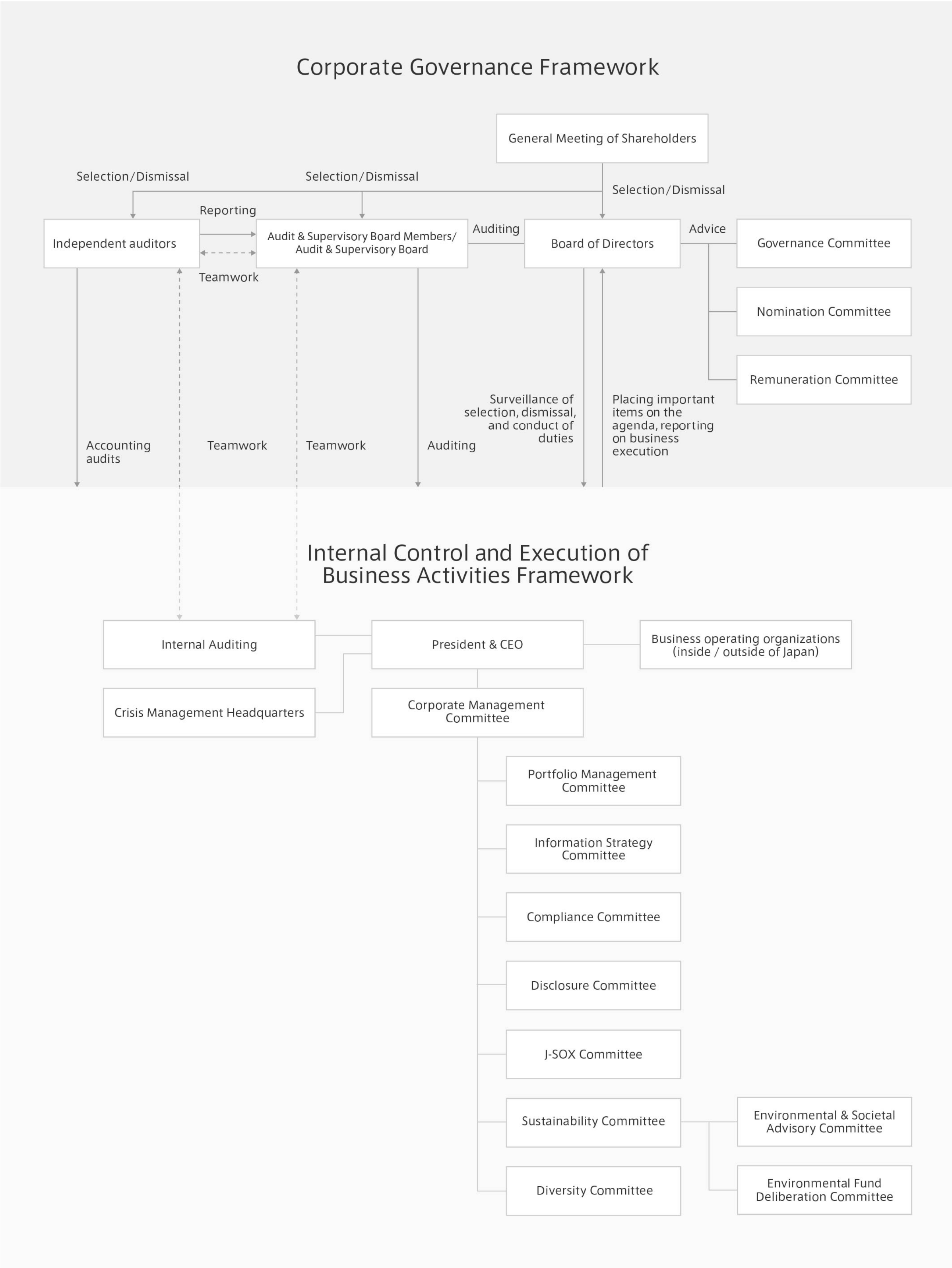
  ・ Information Strategy Committee
  As an advisory body to the Corporate Management Committee, this committee plans company-wide information and DX strategy and determines and monitors essential policies concerning establishment of a management platform and promotion of the structure of the information strategy.

  ・ Sustainability Committee
  As an organization under the Corporate Management Committee, this committee aims to promote the sustainability management at Mitsui related to Mitsui's sustainability and environmental, social, and governance (ESG) issues.

  ・ Diversity Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.

  ・ Crisis Management Headquarters
  As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters.

Overview of our corporate governance and internal control framework is as follows:



3) Status of Internal Control System

In the construction of internal control processes, aiming to achieve the above mentioned objectives of the internal control process: "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The safeguarding of company assets," the following systems are implemented.

i) Risk management system

Risks arising from business activities are monitored and managed by Chief Operating Officers of business units and regional business units within their authorization delegated from the management. Risks associated with our business include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and operational risk.
Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.

Furthermore, as stated in "2) Corporate Governance Structure of Mitsui," as committees responsible for business execution and the internal control system, organizations such as the Portfolio Management Committee, Compliance Committee, Disclosure Committee and J-SOX Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units.
With respect to the risks in the fields they are in charge of, each division of the Corporate Staff Units is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui has implemented the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the Company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2021.

iii) Internal controls regarding construction and management of information systems and information security

"Information Technology (IT) policy" is declared as a basic policy for IT utilization to promote further awareness raising of employees and enhancement of IT governance. The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussions at the Information Strategy Committee established pursuant to the "Rules of Information Strategy Committee." Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage and cyber-attacks through maintenance of the following rules, necessary in light of development and operation of information systems and information security.
"Rules on Information System Management": rules on the process of procurement, introduction and operation of information assets
"Rules on IT Security": code of conduct for the system supervisory divisions regarding IT security
"Rules on Information Management": basic policies in terms of information risk management system and information management
"Rules on Protection of Personal Information": rules for the handling of personal information required for business execution (Applied only in Japan)
"Rules on Cyber Security Countermeasures": rules for preventive measures against cyber-attacks and emergency countermeasures in the event of incident

iv) Compliance structure

In addition to the Compliance Committee (see "2) Corporate Governance Structure of Mitsui"), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system supervised by line managers at business division and department level. Further, Compliance Supervising Officers are designated at domestic and overseas units, branch offices and others.

Mitsui has set forth the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” (“Guidelines”) and equivalent business conduct guidelines are in place at its subsidiaries as well. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and reviewing. Additionally, to further clarify our basic approach toward integrity and compliance on a global group basis, we have put together the “Mitsui & Co. Group Conduct Guidelines” to be shared by Mitsui & Co. Group companies. Please refer to the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” or “Mitsui & Co. Group Conduct Guidelines” released on the Mitsui’s website.

Mitsui has a total of eight whistle-blowing routes in place, including those involving an external attorney at law and a third-party providing hotline services. Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing routes (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain a high standard of confidentiality and (ii) enable their employees to use these routes without uneasiness. Mitsui’s overseas offices and overseas affiliated companies also have whistle-blowing systems that have been put in place after considering applicable local laws and regional characteristics. Furthermore, Mitsui prohibits treating a whistleblower disadvantageously for using the whistleblowing system under internal rules and regulations. Any instances of a compliance violation are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

v) Dissolution of the Specially Designated Business Management System into the internal review process

In response to the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005 to strengthen internal review of four domains which potentially contain risks not fully covered by conventional quantitative risk management methods, namely, “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” “Businesses with subsidy,” and “Business harboring other unusual reputation risks”. From April 2021, Mitsui dissolves the said system for incorporation into its normal internal review process to achieve more effective approach to risk management. In addition, Mitsui, on an as-needed basis, asks the Environmental Societal Advisory Committee which consists of external experts who have knowledge and experience in environmental risks or social risks management such as human rights, for advice to individual business opportunity or to important company-wide managerial theme related to sustainability.

vi) Systems to secure appropriateness of operations within the corporate group

In March 2006, Mitsui established the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” (“Principles”). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its equity accounted investees, Mitsui coordinates with other equity participants and encourages the equity accounted investees to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see “internal control over financial reporting” above. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the “Rules on Delegation of Authority for Supervising Officers for Affiliated Companies.” Also, when Mitsui deploys Full-time audit & supervisory board members in major affiliated companies, Mitsui selects personnel from the Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

4) Enhancements of Corporate Governance in the year ended March 31, 2021

i) Implementation for strengthening corporate governance

Implementation for strengthening corporate governance during the year ended March 31, 2021 is as follows:

(a) Evaluation of effectiveness of the Board of Directors
The method used to evaluate the effectiveness of the Board of Directors in the year ended March 31, 2021, and the method and results of that evaluation are summarized below.

＜Evaluation method＞
(1) In January 2021, a survey (“the FYE 3/2021 Survey”) of all 14 members of the Board of Directors and 5 members of the Audit & Supervisory Board was carried out. Topics covered included the composition and operations of the Board of Directors as well as the content of deliberations.
(2) On February 2, 2021 all External Directors and External Audit & Supervisory Board Members attended the External Members Meeting and shared their views on the effectiveness of the Board of Directors.
(3) The results of the FYE 3/2021 Survey and the External Members Meeting were discussed at a Governance meeting held on February 24, 2021.
(4) Following discussions at a Corporate Management Committee meeting held on March 29, 2021, the Board of Directors discussed the report from the Governance Committee at a meeting held on April 7, 2021 and then confirmed the effectiveness evaluation for the year ended March 31, 2021.

＜Questionnaire items＞
Questions in the FYE 3/2021 Survey were divided into the following major categories. For each question, participants were asked to provide a score using a five-point scale. Space was also provided for free comments on each item. In addition, to allow progress toward the improvement of the effectiveness of the Board of Directors to be monitored, participants were asked to indicate the level of improvement compared with the previous fiscal year on a three-point scale.
I. Composition of the Board of Directors
II. Operations of the Board of Directors
III. Deliberations by the Board of Directors
IV. Roles and responsibilities of the Board of Directors
V. Advisory Committees
VI. Performance of duties by members of the Board of Directors and Audit & Supervisory Board
VII. Support for the Board of Directors and Audit & Supervisory Board
VIII. General

＜Effectiveness Improvement Initiatives in the year ended March 31, 2021＞
Based on the results of the evaluation of the effectiveness of the Board of Directors in the year ended March 31, 2020, the Board of Directors and Board of Directors Secretariat worked to address the following issues in the year ended March 2021.

(1) Further improvement of the operations of the Board of Directors
In the past, 30-minute pre-briefing sessions were held for each agenda item. However, based on the results of the effectiveness evaluation survey for the year ended March 31, 2020, the pre-briefing sessions were extended and enhanced, with 45 minutes allocated for each item. Furthermore, two free discussion sessions were held in the year ended March 2021 in response to calls for additional sessions. Efforts were also made to enhance the information in materials provided at the Board of Directors meetings, including cash flow and IRR trends for projects affected by impairment losses, as well as progress reports on projects approved by the Board of Directors.
In their responses to the FYE 3/2021 Survey, the majority of External Members gave positive evaluations in relation to further improvements in the operations of the Board of Directors. There was a comment that the pre-briefings had been enhanced. Another comment was that there was room for improvement by leveling the number of agenda items, which varied according to the meeting.
(2) Further enhancement of the effectiveness of the Board of Directors in relation to discussions on overall strategy
Based on the results of the effectiveness evaluation for the previous fiscal year, two free discussion sessions were held during the year ended March 2021. The themes for the first session in November 2020 were sustainable growth strategies that reflect ESG perspectives and Mitsui’s Materiality, and the DX strategy. The theme for the second session in March 2021 was the Mitsui Engagement Survey. Both Directors and Audit & Supervisory Board Members took part in lively discussions in these sessions.
In the FYE 3/2021 Survey, all External Members provided positive evaluations of the free discussion sessions and expressed the view that these sessions again provided useful opportunities to talk about macroscopic themes, that they resulted in deeper discussions in the context of changes in social environment, and that there was more discussion about the companies’ broad strategic direction over the past year.
(3) Clarification of the expected roles of advisory committees
One of the views expressed during the evaluation of the effectiveness of the Board of Directors in the year ended March 2020 was that expectations concerning the roles of the advisory committees in relation to the External Members Meetings, the

Governance Committee, and the Board of Directors should be clarified. Following a meeting of the Governance Committee on May 14, 2020, it was decided at a meeting of the Board of Directors on June 10, 2020 to review the functions of the Governance Committee, Nomination Committee, and Remuneration Committee and redefine the expected roles for each of these committees, by revising the Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles and the Internal Regulations on Advisory Committees to the Board of Directors.
In the FYE 3/2021 Survey, most External Members provided positive evaluations concerning the clarification of the expected roles of advisory committees. The majority view was that the revision of the rules had resulted in greater clarity.

＜Outline of Evaluation Results＞
The evaluation of the effectiveness of the Board of Directors in the year ended March 2021 was confirmed on the basis of the FYE 3/2021 Survey, discussions at the External Members Meeting, and deliberations by the Governance Committee, Corporate Management Committee and Board of Directors.

- It was confirmed that actions had been taken to improve effectiveness in the year ended March 2021 by addressing the following issues.
  - ・Further improvement of the operations of the Board of Directors: Improvement of pre-briefing sessions, holding two free discussion sessions, enhancement of information provided in materials provided at the Board of Directors meetings, including cash flow/IRR trends relating to projects affected by impairment losses, and the enhancement of progress reports on matters approved by the Board of Directors
  - ・Further enhancements to the effectiveness of the Board of Directors in relation to discussions about overall strategy: Two free discussion sessions on the themes outlined above in the year ended March 2021
  - ・Clarification of the expected roles of advisory committees: Review of expected roles and functions through the revision of related rules

- Concerning the composition of the Board of Directors, the appointment of Director Egawa has further enhanced the diversity of the company by increasing the number of female External Members.
- In relation to the operations of the Board of Directors, there was a qualitative improvement in the provision of information, including the early distribution of materials by the Board of Directors Secretariat.
- Sufficient time was provided for detailed pre-briefings in preparation for deliberations at Board meetings. There was strong awareness of corporate governance.
- During the COVID-19 crisis, meeting operations were characterized by thorough precautions against infection, with the result that it was possible to engage in free and open discussions.

Based on the preceding summary, the Board of Directors determined that an appropriate level of effectiveness was achieved in the year ended March 2021. However, the Board of Directors also identified the following issue that will need to be addressed in order to achieve further improvements in effectiveness.

＜Initiatives toward Further Improvements in Effectiveness＞
Ongoing consideration of the optimal number of Directors, the ratio of Internal to External Members, the number of Internal Directors, and organizational design:
The following views were expressed in the FYE 3/2021 Survey, during discussions in the External Members Meeting, and at Governance Committee meetings.

- ・While the present number of Directors appears to be necessary from a diversity perspective, the number is slightly too large for effective discussions.
- ・Concerning the ratio of Internal to External Directors, while the number of Internal Directors is high compared with the number of External Directors, this is unavoidable given Mitsui’s business portfolio.
- ・The number of Internal Directors can be reduced. This is a matter that should be considered in the future.
- ・The Governance Committee should continue to consider organizational design, which is a fundamental aspect of governance.
- ・The Governance Committee should discuss issues such as the optimal number of Directors, the ratio of Internal to External Directors, and organizational design, based on external benchmarks, such as trends in other companies. There will be further deliberations and discussions, led by the Governance Committee, concerning the optimal number of Directors, the ratio of Internal to External Directors, the number of Internal Directors, and organizational design. This process will take into account the views outlined above, and trends in other companies. The Board of Directors will continue its efforts to achieve sustainable improvement in Mitsui’s corporate value by maintaining and enhancing its effectiveness, including the aspects outlined above, and by providing effective supervision of management.

(b) Other initiatives

- The status of meetings held in the year ended March 31, 2021 by the three Committees that are advisory bodies to the Board of Directors is as follows:
  - ・The Governance Committee was held four times in the year ended March 31, 2021, and carried out a discussion in relation to review of Expected Role of Advisory Committees, the Agenda of Board of Directors Meeting, Free Discussion for the year ended March 31, 2021, and the Evaluation of Effectiveness of the Board of Directors while taking into consideration the viewpoint of the External Members.
  - ・The Nomination Committee was held nine times in the year ended March 31, 2021, and discussed Consideration/Deliberation/Formulation of CEO Succession Plan (Consideration and Deliberation of candidates), and Continuous review of Skill Matrix, Next Generation Leader image, etc.
  - ・The Remuneration Committee was held three times in the year ended March 31, 2021, and carried out a discussion in relation to Determined policy of personalized reward of the Board of Directors in line with the amendment of the Companies Act (basic remuneration, bonuses, stock-based compensation), and Review of the process of determining bonuses linked to the evaluation of executive officers, etc.

- The External Members Meetings:
  - ・The External Members Meetings were held thirteen times in the year ended March 31, 2021, where External Directors, External Audit & Supervisory Board Members, Internal Directors, Full-time Audit & Supervisory Board Members, Independent Auditors and Managing Officers exchanged information and opinions regarding matters such as the FY 3/20 Full Year Results and Medium-term Management Plan Market Reaction, DX Comprehensive Strategy, Our Efforts in Response to Climate Change/Decarbonization, etc.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2021 are as follows:

- At the meeting of the Compliance Committee four times per year, the Corporate Management Committee and the Board of Directors twice each year, compliance-related matters are reported, and active discussion are held to review Mitsui's responses to compliance issues and the compliance policies, for the purpose of maintaining and improving the effectiveness of the compliance structure. In order to improve the awareness and knowledge of compliance issues among its officers and employees and instill integrity, Mitsui distributed a handbook to all the employees, and conducted various compliance training sessions. Further, in November 2020, Mitsui established the With Integrity Month with the theme of "Act with integrity," in accordance with the Values defined in Mitsui's management philosophy (Mission, Vision, Values) carried out various activities such as seminars, exchanges of opinions and information, and so on. The compliance awareness survey was also conducted at Mitsui and its major affiliated companies located in Japan, in order to assess the awareness level of the group. Mitsui has also assisted compliance of these affiliated companies by holding seminars, distributing the "Compliance Handbook for Mitsui Group companies" and also offering "Guidelines on the Establishment of Compliance Systems at Affiliated Companies" to contribute to the development and operation of an effective compliance system. Furthermore, in order to further strengthen the detective and control, Mitsui encourages the use of the whistle-blowing system through continuous messaging from the Chief Compliance Officer and other officers, displaying posters in office spaces, and releasing a video introducing the whistle-blowing system on the intranet. In addition, in the year ended March 31, 2021, Mitsui increased the number of countries where the Global Group Hotline is applicable, which is, a special whistleblowing hotline for reporting and seeking advice for incidents that breach the laws of Japan or other countries regarding anti-trust (monopoly) laws or anti-corruption laws, or cases that give rise to the suspicion of such breaches. Whistleblowing reports from officers and employees of overseas offices and other subsidiaries in Japan and overseas received via this hotline are handled in an integrated manner by the Compliance Department belonging to Mitsui's head office Legal Division.

- The Disclosure Committee met four times. The Committee established a disclosure principles and basic policy for various disclosure materials and determined the adequacy of the contents of such materials.

- The J-SOX Committee met twice. The Committee understood the company-wide status of internal control over financial reporting for the year ended March 31, 2021 and studied company-wide measures to keep and improve the effectiveness of internal control.

- The Portfolio Management Committee met twelve times. The Committee continued to provide appropriate risk management at the company-wide level by monitoring portfolios across the entire company, discussing portfolio strategies from the perspectives of asset efficiency and sustainability, verifying progress on company-wide cash flow allocations and reviewing action policies and strategies in the Strategic Focus areas identified in the Medium-term Management Plan.

- The Information Strategy Committee met six times. The Committee formulated "DX Comprehensive Strategy" which consists of DX Business Strategy, Data Driven (DD) Management Strategy, and DX HR Strategy, and reviewed and discussed various initiatives such as cyber security measures under the normalization of telework due to the spread of COVID-19, current business process and next generation of core systems, etc.

- The Sustainability Committee met eight times. The Committee reviewed and discussed various initiatives such as scenario analysis and introduction of internal carbon pricing system in relation to the climate change, UK Modern Slavery Act, and progress report and action plan for circular economy.

- The Diversity Committee, previously composed of Chair, HR & Gen, Affairs Div. G.M. and Corporate Planning Div. G.M, welcomed 6 new members, including an Executive Vice President from an overseas office and Business Unit Chief Operating Officers, for the year ended March 31, 2021. The Committee was held three times a year, and discussed the result of the Mitsui Engagement Survey and the initiatives related to talent management on a global basis and female talent development.

5) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that resolutions for the appointment of Directors may not be made with cumulative voting.

ii) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible and swift capital policy, the Articles of Incorporation set forth that Mitsui may acquire its own shares by means of a market transaction upon a resolution of the Board of Directors.

iii) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, Paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

iv) Interim dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, with September 30 set as the record date each year.

v) Limitation of liability of Directors and Audit & Supervisory Board Members

In order to enable Directors and Audit & Supervisory Board Members to fully carry out the role that is expected of them in the execution of their duties, the Articles of Incorporation set forth that, upon a resolution of the Board of Directors, the liability of Directors and Audit & Supervisory Board Members may be limited to the extent determined by the applicable laws and regulations.

(2) Information about Directors (and other officers)

1) List of Directors

15 male Directors and Audit & Supervisory Board Members and 4 female Directors and an Audit & Supervisory Board Member (percentage of female: 21.1%)

Directors

Name ***Tatsuo Yasunaga (1)***
Date of Birth December 13, 1960
Shareholdings as of March 31, 2021 214,047

Prior Positions	･1983/4	Joined Mitsui & Co., Ltd.
	･2013/4	Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit
	･2015/4	President and Chief Executive Officer
	･2015/6	Representative Director, President and Chief Executive Officer
	･2021/4	Representative Director, Chairman of the Board of Directors (current position)

Name ***Kenichi Hori (1)***
Date of Birth January 2, 1962
Shareholdings as of March 31, 2021 44,337

Prior Positions	･1984/4	Joined Mitsui & Co., Ltd.
	･2014/4	Managing Officer, General Manager of Corporate Planning & Strategy Division
	･2016/4	Managing Officer, Chief Operating Officer of Nutrition & Agriculture Business Unit
	･2017/4	Executive Managing Officer, Chief Operating Officer of Nutrition & Agriculture Business Unit
	･2018/4	Executive Managing Officer
	･2018/6	Representative Director, Executive Managing Officer
	･2019/4	Representative Director, Senior Executive Managing Officer
	･2021/4	Representative Director, President and Chief Executive Officer (current position)

Name ***Takakazu Uchida (1)***
Date of Birth September 24, 1960
Shareholdings as of March 31, 2021 76,312

Prior Positions	･1983/4	Joined Mitsui & Co., Ltd.
	･2014/4	Managing Officer, General Manager of Finance Division
	･2017/4	Executive Managing Officer, General Manager of Finance Division
	･2018/4	Executive Managing Officer, Chief Financial Officer
	･2018/6	Representative Director, Executive Managing Officer, Chief Financial Officer
	･2019/4	Representative Director, Senior Executive Managing Officer, Chief Financial Officer
	･2020/4	Representative Director, Executive Vice President, Chief Financial Officer (current position)

Name ***Hirotatsu Fujiwara (1)***
Date of Birth January 10, 1961
Shareholdings as of March 31, 2021 68,087

Prior Positions	・1984/4	Joined Mitsui & Co., Ltd.
	・2014/4	Managing Officer, General Manager, Energy Planning and Administrative Division
	・2015/4	Managing Officer, Chief Operating Officer of Energy Business Unit II
	・2017/4	Executive Managing Officer, Chief Operating Officer of Energy Business Unit II
	・2019/4	Senior Executive Managing Officer, Chief Compliance Officer
	・2019/6	Representative Director, Senior Executive Managing Officer, Chief Compliance Officer
	・2020/4	Representative Director, Senior Executive Managing Officer, Chief Human Resources Officer, Chief Compliance Officer
	・2021/4	Representative Director, Executive Vice President (current position)

Name ***Shinichiro Omachi (1)***
Date of Birth July 18, 1960
Shareholdings as of March 31, 2021 58,691

Prior Positions	・1984/4	Joined Mitsui & Co., Ltd.
	・2014/4	Managing Officer, General Manager of Investment Administrative Division
	・2015/4	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
	・2017/4	Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
	・2019/4	Senior Executive Managing Officer, Country Chairperson in India; Managing Director of Mitsui & Co. INDIA PVT. LTD.
	・2020/4	Senior Executive Managing Officer, Chief Strategy Officer
	・2020/6	Representative Director, Senior Executive Managing Officer, Chief Strategy Officer
	・2021/4	Representative Director, Executive Vice President, Chief Strategy Officer (current position)

Name ***Yoshio Kometani (1)***
Date of Birth April 11, 1962
Shareholdings as of March 31, 2021 41,912

Prior Positions	・1985/4	Joined Mitsui & Co., Ltd.
	・2015/4	Managing Officer, Deputy Chief Operating Officer of Asia Pacific Business Unit
	・2016/4	Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
	・2019/4	Executive Managing Officer
	・2019/6	Representative Director, Executive Managing Officer
	・2020/4	Representative Director, Senior Executive Managing Officer, Chief Digital Information Officer (current position)

Name ***Miki Yoshikawa (1)***
Date of Birth December 26, 1961
Shareholdings as of March 31, 2021 33,045

Prior Positions	・1984/4	Joined Mitsui & Co., Ltd.
	・2015/4	Managing Officer, Chief Operating Officer of Food Resources Business Unit
	・2016/4	Managing Officer, Chief Operating Officer of Food Business Unit
	・2019/4	Executive Managing Officer, Chief Operating Officer of Food Business Unit
	・2020/4	Senior Executive Managing Officer
	・2020/6	Representative Director, Senior Executive Managing Officer (current position)

Name	***Motoaki Uno (1)***	
Date of Birth	August 18, 1960	
Shareholdings as of March 31, 2021		44,428

Prior Positions	・1984/4	Joined Mitsui & Co., Ltd.
	・2016/4	Managing Officer, President & CEO of P.T. Mitsui Indonesia
	・2019/4	Executive Managing Officer, President & CEO of P.T. Mitsui Indonesia
	・2020/4	Executive Managing Officer, Chief Operating Officer of Asia Pacific Business Unit; CEO, Mitsui & Co. (Asia Pacific) Pte. Ltd.
	・2021/4	Senior Executive Managing Officer
	・2021/6	Representative Director, Senior Executive Managing Officer (current position)

Name	***Yoshiaki Takemasu (1)***	
Date of Birth	August 30, 1962	
Shareholdings as of March 31, 2021		18,115

Prior Positions	・1985/4	Joined Mitsui & Co., Ltd.
	・2018/4	Managing Officer, General Manager, Human Resources & General Affairs Division
	・2021/4	Executive Managing Officer, Chief Human Resources Officer, Chief Compliance Officer
	・2021/6	Representative Director, Executive Managing Officer, Chief Human Resources Officer, Chief Compliance Officer (current position)

Name	***Izumi Kobayashi (1)***	
Date of Birth	January 18, 1959	
Shareholdings as of March 31, 2021		4,853

Prior Positions	・1981/4	Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
	・1985/6	Joined Merrill Lynch Futures Japan Inc.
	・2001/12	President, Merrill Lynch Japan Securities Co., Ltd.
	・2002/7	External Director, Osaka Securities Exchange Co., Ltd.
	・2008/11	Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
	・2014/6	External Director, Mitsui & Co., Ltd. (current position)

Name	***Jenifer Rogers (1)***	
Date of Birth	June 22, 1963	
Shareholdings as of March 31, 2021		7,023

Prior Positions	・1989/9	Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
	・1990/12	Registered as Attorney at Law admitted in New York
	・1991/2	Joined Industrial Bank of Japan Limited, New York Branch (currently Mizuho Bank)
	・1994/12	Joined Merrill Lynch Japan Securities Co., Ltd.
	・2000/11	Merrill Lynch Europe Plc
	・2006/7	Bank of America Merrill Lynch (Hong Kong)
	・2012/11	General Counsel Asia, Asurion Japan Holdings G.K. (current position)
	・2015/6	External Director, Mitsui & Co., Ltd. (current position)
	・2018/6	External Director, Kawasaki Heavy Industries, Ltd. (current position)
	・2019/6	External Director, Nissan Motor Co., Ltd. (current position)
	・2021/1	President, American Chamber of Commerce in Japan (current position)

Name	***Samuel Walsh (1)***		
Date of Birth	December 27, 1949		
Shareholdings as of March 31, 2021			9,300

Prior Positions	･1972/2	Joined General Motors Holden's Limited
	･1987/6	Joined Nissan Motor Australia
	･1991/9	Joined Rio Tinto Limited
	･2013/1	Chief Executive Officer, Rio Tinto Limited
	･2017/6	External Director, Mitsui & Co., Ltd. (current position)

Name	***Takeshi Uchiyamada (1)***		
Date of Birth	August 17, 1946		
Shareholdings as of March 31, 2021			9,238

Prior Positions	･1969/4	Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
	･1998/6	Member of the Board of Directors, Toyota Motor Corporation
	･2001/6	Managing Director, Toyota Motor Corporation
	･2003/6	Senior Managing Director, Toyota Motor Corporation
	･2005/6	Executive Vice President, Toyota Motor Corporation
	･2012/6	Vice Chairman of the Board of Directors, Toyota Motor Corporation
	･2013/6	Chairman of the Board of Directors, Toyota Motor Corporation (current position)
	･2019/6	External Director, Mitsui & Co., Ltd. (current position)

Name	***Masako Egawa (1)***		
Date of Birth	September 7, 1956		
Shareholdings as of March 31, 2021			932

Prior Positions	･1980/4	Joined Tokyo Branch, Citibank, N.A.
	･1986/9	Joined New York Headquarters, Salomon Brothers Inc.
	･1988/6	Joined Tokyo Branch, Salomon Brothers Asia Securities (currently Citigroup Global Markets Japan Inc.)
	･1993/12	Joined Tokyo Branch, S.G. Warburg (currently UBS Securities Japan Co. Ltd.)
	･2001/11	Executive Director, Japan Research Center, Harvard Business School
	･2009/4	Executive Vice President, The University of Tokyo
	･2014/3	External Director, Asahi Glass Co., Ltd. (currently AGC Inc.)
	･2015/6	External Director, Tokio Marine Holdings, Inc. (current position)
	･2015/6	External Director, Mitsui Fudosan Co., Ltd. (scheduled to retire in June 2021)
	･2015/9	Professor, Graduate School of Commerce (currently Graduate School of Business Administration), Hitotsubashi University
	･2019/7	Vice-Chairman, Chair of Self-regulation Board, The Japan Securities Dealers Association (current position)
	･2020/4	Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University (current position)
	･2020/6	External Director, Mitsui & Co., Ltd. (current position)

Audit & Supervisory Board Members

Name ***Makoto Suzuki (3)***
Date of Birth April 13, 1958
Shareholdings as of March 31, 2021 78,521

Prior Positions	・1981/4	Joined Mitsui & Co., Ltd.
	・2011/4	Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
	・2013/4	Executive Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
	・2015/4	Senior Executive Managing Officer, Chief Compliance Officer
	・2015/6	Representative Director, Senior Executive Managing Officer, Chief Compliance Officer
	・2017/4	Representative Director, Executive Vice President, Chief Compliance Officer
	・2019/4	Director
	・2019/6	Full-time Audit & Supervisory Board Member (current position)

Name ***Kimiro Shiotani (3)***
Date of Birth October 14, 1960
Shareholdings as of March 31, 2021 12,060

Prior Positions	・1984/4	Joined Mitsui & Co., Ltd.
	・2015/4	Managing Officer, General Manager, Global Controller Division
	・2019/4	Managing Officer, Audit & Supervisory Board Member Division
	・2019/6	Full-time Audit & Supervisory Board Member (current position)

Name ***Haruka Matsuyama (2)***
Date of Birth August 22, 1967
Shareholdings as of March 31, 2021 2,430

Prior Positions	・1995/4	Appointed to Assistant Judge at Tokyo District Court
	・2000/7	Registered as Attorney at Law
	・2000/7	Joined Hibiya Park Law Offices
	・2002/1	Partner of Hibiya Park Law Offices (current position)
	・2014/6	External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Name ***Hiroshi Ozu (3)***
Date of Birth July 21, 1949
Shareholdings as of March 31, 2021 2,071

Prior Positions	・1974/4	Appointed as Public Prosecutor
	・2007/7	Vice Minister of Justice
	・2012/7	Attorney General
	・2014/9	Registered as Attorney at Law
	・2015/6	External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Name	***Kimitaka Mori (4)***		
Date of Birth	June 30, 1957		
Shareholdings as of March 31, 2021		5,878	

Prior Positions	・1980/4	Joined Shinwa Accountants (currently KPMG AZSA LLC)
	・2000/6	Representative Partner
	・2004/6	Director of financial services
	・2006/6	Board Member
	・2011/7	Chairman, KPMG FS Japan
	・2013/7	Established Mori Certified Public Accountant Office
	・2013/7	Chairman and President, The Japanese Institute of Certified Public Accountants
	・2016/7	Senior Advisor, The Japanese Institute of Certified Public Accountants (current position)
	・2017/6	External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

(1) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within one year from the election as Director in June 2021.
(2) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2018.
(3) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2019.
(4) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2021.
(5) Ms. Izumi Kobayashi, Ms. Jenifer Rogers, Mr. Samuel Walsh, Mr. Takeshi Uchiyamada and Ms. Masako Egawa are External Directors.
Ms. Haruka Matsuyama, Mr. Hiroshi Ozu and Mr. Kimitaka Mori are External Audit & Supervisory Board Members.
Mr. Makoto Suzuki and Mr. Kimiro Shiotani are Full-time Audit & Supervisory Board Members.
(6) Ms. Matsuyama’s name as it appears in her family registry is Haruka Kato.

Mitsui introduced the Managing Officer System in April 2002. Managing Officers as of June 18, 2021 are as follows: (* Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Kenichi Hori *	President and Chief Executive Officer; Head of Crisis Management Headquarters
Takakazu Uchida*	Executive Vice President; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Financial Management & Advisory Division I, II, III, IV); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Hirotatsu Fujiwara*	Executive Vice President; Energy Business Unit I; Energy Business Unit II; Basic Materials Business Unit; Performance Materials Business Unit; Americas Business Unit
Shinichiro Omachi*	Executive Vice President; Chief Strategy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Corporate Communications Division, Corporate Sustainability Division); Japan Bloc; Regional Blocs (Europe Bloc, Middle East and Africa Bloc); Chairman, Portfolio Management Committee; Chairman, Sustainability Committee
Yoshio Kometani*	Senior Executive Managing Officer; Chief Digital Information Officer; Integrated Digital Strategy Division; Infrastructure Projects Business Unit; Mobility Business Unit I; Mobility Business Unit II; Energy Solutions Business Unit; IT & Communication Business Unit; Chairman, Information Strategy Committee
Miki Yoshikawa*	Senior Executive Managing Officer; Food Business Unit; Retail Business Unit; Nutrition & Agriculture Business Unit; Wellness Business Unit; Regional Blocs (East Asia Bloc, CIS Bloc, Mitsui & Co. Korea Ltd.)
Shinsuke Kitagawa	Senior Executive Managing Officer; President & CEO of Mitsui Global Strategic Studies Institute
Motoaki Uno*	Senior Executive Managing Officer; Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Corporate Development Business Unit; Asia Pacific Business Unit
Koji Nagatomi	Senior Executive Managing Officer; Chief Operating Officer of Asia Pacific Business Unit
Sayu Ueno	Senior Executive Managing Officer; Chief Operating Officer of Americas Business Unit
Hiroyuki Tsurugi	Executive Managing Officer; Chair & CEO of Mitsui & Co. (Australia) Ltd.
Hiroshi Meguro	Executive Managing Officer; Chief Regional Representative in CIS
Hirohiko Miyata	Executive Managing Officer; Chief Representative of Europe Bloc
Takeo Kato	Executive Managing Officer; President of Mitsui & Co. (Thailand) Ltd
Yuki Kodera	Executive Managing Officer; President of Mitsui & Co. (Brasil) S.A.
Yoshiki Hirabayashi	Executive Managing Officer; General Manager of Human Resources & General Affairs Division
Yoshiaki Takemasu*	Executive Managing Officer; Chief Human Resources Officer; Chief Compliance Officer; Corporate Staff Unit (Audit & Supervisory Board Member Division, Secretariat, Human Resources & General Affairs Division, Legal Division, Logistics Strategy Division, New Head Office Building Development Department); Business Continuity Plan Management; New Headquarter Project; Chairman, Compliance Committee; Chairman, Diversity Committee; Head of Emergency Management Headquarters
Motoyasu Nozaki	Executive Managing Officer; Chief Operating Officer of Energy Business Unit II
Masahiro Moriyasu	Executive Managing Officer; Chief Representative of East Asia Bloc
Kohei Takata	Managing Officer; Chief Operating Officer of Nutrition & Agriculture Business Unit
Yumi Yamaguchi	Managing Officer; Deputy Chief Strategy Officer; Deputy Chief Digital Information Officer
Shinichi Hori	Managing Officer; General Manager of Osaka Office
Shinichi Kikuchihara	Managing Officer; Chief Operating Officer of Corporate Development Business Unit
Masaharu Okubo	Managing Officer; Country Chairperson in India
Tetsuya Daikoku	Managing Officer; Chief Operating Officer of Mobility Business Unit I
Tatsuya Okamoto	Managing Officer; Chief Operating Officer of Mobility Business Unit II
Yuji Mano	Managing Officer; General Manager of Integrated Digital Strategy Division
Masato Sugahara	Managing Officer; Chief Operating Officer of Wellness Business Unit
Kazumasa Nakai	Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit
Tetsuya Shigeta	Managing Officer; General Manager of Global Controller Division
Atsushi Kawase	Managing Officer; General Manager of Internal Auditing Division

Name	Title and Principal Positions
Koichi Fujita	Managing Officer; Chief Operating Officer of Iron & Steel Products Business Unit
Yoshiyuki Enomoto	Managing Officer; General Manager of Financial Management & Advisory Division II
Takashi Furutani	Managing Officer; Chief Operating Officer of Basic Materials Business Unit
Yoichiro Endo	Managing Officer; Chief Operating Officer of Food Business Unit
Takeshi Akutsu	Managing Officer; General Manager of Corporate Planning & Strategy Division
Makoto Sato	Managing Officer; General Manager of Investment Administrative Division
Toru Matsui	Managing Officer; Chief Operating Officer of Energy Business Unit I; Chief Operating Officer of Energy Solutions Business Unit
Makoto Takasugi	Managing Officer; Deputy Chief Operating Officer of Corporate Development Business Unit
Isao Kohiyama	Managing Officer; Chief Operating Officer of IT & Communication Business Unit
Tsutomu Osada	Managing Officer; Chief Operating Officer of Retail Business Unit
Yuichi Takano	Managing Officer; General Manager of Legal Division
Hiroshi Kakiuchi	Managing Officer; Chief Operating Officer of Performance Materials Business Unit
Kenichiro Yamaguchi	Managing Officer; General Manager of Financial Management & Advisory Division III
Tetsuya Fukuda	Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit

2) Status of External Members

i) Relationship with External Directors and reasons for their appointments; policy regarding their independence

- The prospective person's extensive business experience and knowledge are required to deliberate on such Board of Directors meeting proposals as investments and loans, and knowledge of his or her particular area of business is used.

- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui takes into consideration the fields from which candidates originate, along with their gender.

- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Directors in individual transactions with external parties.

The five External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 18, 2021, their relationships with Mitsui, and the reasons for their appointment are as follows. Regarding shareholdings of External Directors, see "(2) Information about Directors (and other officers) 1) List of Directors."

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Izumi Kobayashi (Since June 2014)	Mitsui paid membership fees and made donations to the Japan Association of Corporate Executives, where Ms. Kobayashi had served as Vice Chairperson until April 2019, but the yearly amount paid in each of the last three (3) fiscal years was below the standard amount for donations and aid funds (¥10 million) established by Mitsui's Criteria of Independence for External Members. From the above, Mitsui has determined that there is nothing that would affect the independence of Ms. Kobayashi as External Director. Other than the above, there is no special interest between Ms. Kobayashi and Mitsui. Therefore, Ms. Kobayashi is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Kobayashi has deep insight in organizational management and risk management for generating innovation, which she has accumulated through her experience working as the representative of private sector financial institutions and a multilateral development bank. She speaks out actively from diverse perspectives at the Board of Directors meetings, making a significant contribution to deepening the discussion. In the year ended March 31, 2021, she served as a member of the Remuneration Committee, and contributed to the discussions related to the design of a remuneration system for Officers and performance review system for Officers. In addition, as chair of the Nomination Committee, she exercised strong leadership in enhancing the transparency and effectiveness of the procedures for the CEO succession plan. In view of these points we appointed Ms. Kobayashi as External Director so that she may continue to advise and supervise the Company's management.
Jenifer Rogers (Since June 2015)	There is no special interest between Ms. Rogers and Mitsui. Therefore, Ms. Rogers is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Rogers has a global perspective and deep insight in risk management cultivated through her experience working for international financial institutions and her experience in legal work as an in-house counsel. She makes many useful comments concerning risk control at the Board of Directors meetings, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2021, she served as a member of the Governance Committee, actively provided her opinions with the aim of creating a highly transparent governance system. In view of these points we appointed Ms. Rogers as External Director so that she may continue to advise and supervise the Company's management.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Samuel Walsh (Since June 2017)	There is no special interest between Mr. Walsh and Mitsui. Therefore, Mr. Walsh is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Walsh has global expertise and excellent management skills cultivated through his long years working in upper management within the automobile industry and as chief executive officer of an international natural resources company. At the Board of Directors meetings, he makes many proposals and suggestions from a broad-minded standpoint based on his abundant business management experience, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2021, he served as a member of the Governance Committee, actively provided his opinions with the aim of creating a highly transparent governance system. He has diverse perspectives based on global corporate management experience and expertise and knowledge related to capital policy and business investment. We appointed Mr. Walsh as External Director so that he may continue to advise and supervise the Company’s management.
Takeshi Uchiyamada (Since June 2019)	Mitsui and its consolidated subsidiaries sell metal products to Toyota Motor Corporation, at which Mr. Uchiyamada has served as Director; however, the yearly amount of sales in each of the last three (3) fiscal years is less than 0.2% of the Mitsui’s annual consolidated transaction volume. In addition, Mitsui and its consolidated subsidiaries purchase automobiles and automobile components from Toyota Motor Corporation, but the yearly amount paid in each of the last three (3) fiscal years is less than 0.5% of the annual non-consolidated transaction volume of Toyota Motor Corporation. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Uchiyamada as External Director. Other than the above, there is no special interest between Mr. Uchiyamada and Mitsui. Therefore, Mr. Uchiyamada is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Uchiyamada has long been involved in research on environmental and safety technologies at Toyota Motor Corporation that could realize a mobility society responding to the needs of the times, as well as in the development of products demanded by consumers, and has been exercising his excellent managerial skills as an executive officer of Toyota Motor Corporation. At the Board of Directors meetings, he makes many proposals and suggestions from a broad-minded standpoint based on his management experience at a global company and his in-depth knowledge of society in general, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2021, he served as a member of the Nomination Committee, and contributed to the discussions with the aim of enhancing the transparency and effectiveness of the procedures for the appointment of executives, including the CEO succession plan. In view of these points we appointed Mr. Uchiyamada as External Director so that he may continue to advise and supervise the Company’s management.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Masako Egawa (Since June 2020)	There is no special interest between Ms. Egawa and Mitsui. Therefore, Ms. Egawa is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Egawa has deep insight in finance and corporate management gained through her experience of management as a director of the University of Tokyo, her many years of experience working at global financial institutions, and her research on management and corporate governance at Japanese companies. Her broad range of public contributions includes the activities at the Japan-United States Educational Commission and councils of the Ministry of Finance. In the year ended March 31, 2021, she served as a member of the Governance Committee, actively provided her opinions with the aim of creating a highly transparent governance system. In addition, as a member of the Remuneration Committee, she contributed to the discussions related to the design of a remuneration system for Officers and performance review system for Officers. Although Ms. Egawa has no direct experience participating in corporate management, considering the above, we appointed Ms. Egawa as External Director so that she may advise and supervise the Company's management.

(*) As of the time of issuance of this report, concurrent positions in other organizations held by External Directors are mainly as follows:

Name	Concurrent positions in other organizations held by External Directors
Izumi Kobayashi	External Director, ANA HOLDINGS INC. External Director, Mizuho Financial Group, Inc. External Director, OMRON Corporation
Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K. External Director, Kawasaki Heavy Industries, Ltd. External Director, Nissan Motor Co., Ltd. President, American Chamber of Commerce in Japan
Samuel Walsh	Chairman of the Board, Gold Corporation (Australia) the Perth Mint Non Executive Director, Ma'aden Mining Limited (Saudi Arabia)
Takeshi Uchiyamada	Chairman of the Board of Directors, Toyota Motor Corporation External Director, JTEKT CORPORATION JTEKT CORPORATION is an equity accounted associated companies of Toyota Motor Corporation.
Masako Egawa	External Director, Tokio Marine Holdings, Inc. External Director, Mitsui Fudosan Co., Ltd. (scheduled to retire in June 2021) Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University

ii) Activities of External Directors in the year ended March 31, 2021

The activities of External Directors in the year ended March 31, 2021 were as follows:

Name	Major activities
Izumi Kobayashi	Ms. Kobayashi participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. She has deep insight in organizational management and risk management for generating innovation, which she has accumulated through her experience working as the representative of private sector financial institutions and a multilateral development bank. She speaks out actively from diverse perspectives at the Board of Directors meetings, making a significant contribution to deepening the discussion. In the year ended March 31, 2021, she served as a member of the Remuneration Committee (attending all 3 such meetings), and contributed to the discussions related to the design of a remuneration system for Officers and performance review system of Officers. In addition, as chair of the Nomination Committee (attending all 9 such meetings), she exercised strong leadership in enhancing the transparency and effectiveness of the procedures for the CEO succession plan.
Jenifer Rogers	Ms. Rogers participated in 15 of the 16 Board of Directors meetings held during the year ended March 31, 2021. She has a global perspective and deep insight in risk management cultivated through her experience working for international financial institutions and her experience in legal work as an in-house counsel. She makes many useful comments concerning risk control at the Board of Directors meetings, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2021, she served as a member of the Governance Committee (attending all 4 such meetings), and actively provided her opinions with the aim of creating a highly transparent governance system.
Samuel Walsh	Mr. Walsh participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. He makes proposals and suggestions from a broad-minded standpoint based on his global expertise, excellent managerial skill, and abundant business management experience cultivated through his long years working in upper management within the automobile industry and as chief executive officer of an international natural resources company, making significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2021, he served as a member of the Governance Committee (attending all 4 such meetings), and actively provided his opinions with the aim of creating a highly transparent governance system.
Takeshi Uchiyamada	Mr. Uchiyamada participated in all 16 Board of Directors meetings held during the year ended March 31, 2021. He has long been involved in research and development on environmental and safety technologies at Toyota Motor Corporation that could realize a mobility society responding the needs of the times, as well as in the development of products demanded by consumers, and has been exercising his excellent managerial skills as an executive officer of Toyota Motor Corporation. At the Board of Directors meetings, he makes many proposals and suggestions from a broad-minded standpoint based on his management experience at a global company and his in-depth knowledge for society in general, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2021, he served as a member of the Nomination Committee (attending all 9 such meetings), and contributed to the discussions with the aim of enhancing the transparency and effectiveness of the procedures for the CEO succession plan.

Name	Major activities
Masako Egawa	Ms. Egawa participated in all 12 Board of Directors meetings held since she took her position during the year ended March 31, 2021. She has made significant contributions to active discussions at the meetings of the Board of Directors, and to improving effectiveness of such meetings, based on her deep insight in finance and corporate management gained through her experience of management as a director of the University of Tokyo, her many years of experience working at global financial institutions, and her research on management and corporate governance at Japanese companies. In the year ended March 31, 2021, she served as a member of the Governance Committee (attending all 3 such meetings subsequent to her appointment) and actively provided her opinions with the aim of creating a highly transparent governance system. In addition, as a member of the Remuneration Committee (attending all 3 such meetings), she contributed to the discussions related to the design of a remuneration system for Officers and performance review system for Officers.

iii) Relationship with External Audit & Supervisory Board Members and reasons for their appointments; policy regarding their independence

External Audit & Supervisory Board Members are appointed with the objective of further heightening the independence and neutrality of the auditing system, and it is particularly expected that External Audit & Supervisory Board Members objectively express their auditing opinions from the standpoint of neutrality, building on such factors as that independence. When selecting candidates for positions of External Audit & Supervisory Board Member, the Audit & Supervisory Board confirms that no issues with independence arise by taking into consideration not only the appointment standard provided for in "Appointment of Audit & Supervisory Board Members" above, but also such factors as relations with the Company, the management and important staff.

As to the three External Audit & Supervisory Board Members as of the issuance of this report, the reasons for their appointment are as follows. Regarding shareholdings of External Audit & Supervisory Board Members, see "(2) Information about Directors (and other officers) 1) List of Directors."

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Audit & Supervisory Board Member at Mitsui
Haruka Matsuyama (Since June 2014)	There is no personal, capital, business or other relationship between Ms. Matsuyama and Mitsui. Therefore, Ms. Matsuyama is deemed to appropriately carry out her duties as the independent and neutral External Audit & Supervisory Board Member.	Ms. Matsuyama is appointed as an External Audit & Supervisory Board Member in expectation of the expression of her objective audit opinions from an independent and neutral standpoint, with advanced insight into corporate governance and risk management cultivated through her many years of experience in legal affairs as a judge and as an attorney at law.
Hiroshi Ozu (Since June 2015)	There is no personal, capital, business or other relationship between Mr. Ozu and Mitsui. Therefore, Mr. Ozu is deemed to appropriately carry out his duties as the independent and neutral External Audit & Supervisory Board Member.	Mr. Ozu is appointed as an External Audit & Supervisory Board Member in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, with advanced insight into governance and risk management cultivated through the many years of experience and perspective in legal affairs he has gained, as a prosecutor and an attorney at law.
Kimitaka Mori (Since June 2017)	There is no personal, capital, business or other relationship between Mr. Mori and Mitsui. Therefore, Mr. Mori is deemed to appropriately carry out his duties as the independent and neutral External Audit & Supervisory Board Member.	Mr. Mori is appointed as an External Audit & Supervisory Board Member in expectations of the expression of his objective audit opinions from an independent and neutral standpoint, with advanced insight into corporate accounting, accounting audit activities and risk management cultivated through his many years of experience as a certified public accountant.

(*) As of the time of issuance of this report, concurrent positions in other organizations held by Audit & Supervisory Board Members are mainly as follows:

Name	Concurrent positions held in other organizations
Haruka Matsuyama	Attorney at Law External Director, T&D Holdings, Inc. External Director, Mitsubishi UFJ Financial Group, Inc. External Director, Restar Holdings Corporation
Hiroshi Ozu	Attorney at Law External Audit & Supervisory Board Member, Toyota Motor Corporation External Audit & Supervisory Board Member, Shiseido Company, Limited
Kimitaka Mori	Certified Public Accountant External Director, Japan Exchange Group, Inc. External Audit & Supervisory Board Member, East Japan Railway Company External Director, Sumitomo Life Insurance Company

iv) Activities of External Audit & Supervisory Board Members in the year ended March 31, 2021

The activities of External Audit & Supervisory Board Members in the year ended March 31, 2021 were as follows:

Name	Major activities
Haruka Matsuyama	Ms. Matsuyama participated in all 16 Board of Directors meetings, and all 28 Audit & Supervisory Board meetings held during the year ended March 31, 2021. She offered advice and expressed opinions based on her knowledge and experience gained as a judge and an attorney at law. In the year ended March 31, 2021, as a member of the Governance Committee (attending all 4 such meetings), she actively provided opinions that contribute to developing transparent and objective governance.
Hiroshi Ozu	Mr. Ozu participated in all 16 Board of Directors meetings, and all 28 Audit & Supervisory Board meetings held during the year ended March 31, 2021. He offered advice and expressed opinions based on his knowledge and experience gained as a public prosecutor and an attorney at law. In the year ended March 31, 2021, as a member of the Nomination Committee (attending all 9 such meetings), he contributed to the discussions with the aim of enhancing the transparency and effectiveness of the procedures for the CEO succession plan.
Kimitaka Mori	Mr. Mori participated in all 16 Board of Directors meetings, and all 28 Audit & Supervisory Board meetings held during the year ended March 31, 2021. He offered advice and expressed opinions based on his knowledge and experience gained as a certified public accountant. In the year ended March 31, 2021, as the chair of the Remuneration Committee (attending all 3 such meetings), he exercised strong leadership in deepening discussions for enhancing the transparency of a remuneration system for Officers and the effective operation of a performance review system for Officers.

v) Criteria of independence for External Members

External Directors or External Audit & Supervisory Board Members of Mitsui who do not fall under any of the following items are to be judged to have independence.

1) Person who is currently or was in the past ten years an Executive Director, Executive Officer, Managing Officer, manager, employee, administrative officer, etc. (hereinafter referred to as "Executing Person") of Mitsui or Mitsui's consolidated subsidiaries.
2) Person or the Executing Person of a corporation holding either directly or indirectly 10% or more of total number of the voting rights of Mitsui
3) Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries (*1) or the Executing Person of the same
   *1 If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent business year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent business year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.
4) Major business partner of Mitsui or Mitsui's consolidated subsidiary (*2) or the Executing Person of the same
   *2 If Mitsui or Mitsui's consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most recent business year or the relevant business partner provided Mitsui or Mitsui's consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of Mitsui or Mitsui's consolidated subsidiary.
5) Independent Auditor of Mitsui or Mitsui's consolidated subsidiary or employee, etc. of the same
6) Person providing professional services such as consultant, lawyer and certified public accountant who received from Mitsui monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent business year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
7) Person or the Executing Person of a corporation who received the annual total of ¥10 million or more of donations or aid funds from Mitsui or Mitsui's consolidated subsidiary in the most recent business year
8) Person who has fallen under any of 2) to 7) above in the past three years
9) Spouse or relative within the second degree of kinship (hereinafter referred to as "Close Relatives") of the person who is currently or has been recently the important Executing Person of Mitsui or Mitsui's consolidated subsidiary (including Director who is not the Executing Person in the case of External Audit & Supervisory Board Member)
10) Close Relatives of the person who currently falls or has fallen recently under any of 2) to 7) above (excluding the one who is not important)

vi) Support for External Members

For External Directors, before regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given.
For External Audit & Supervisory Board Members, company information which contributes their auditing, including summaries of regular meetings between Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Member Division, are timely provided by the Full-time Audit & Supervisory Board Members and the staff. Advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors.
For External Members, Mitsui provides personal computers and tablets (hereinafter referred to as the "Officer PCs") and distributes materials for the meetings of the Board of Directors in a timely manner, thereby ensuring the time to review agendas.
In the fiscal year ended March 31, 2021, since it has been difficult and inappropriate that all Directors and Audit & Supervisory Board Members gather physically due to the spread of COVID-19, Mitsui holds the meetings of the Board of Directors and the meetings of Audit & Supervisory Board Members as fully or partially remote meetings using web conference system, depending on the situation around COVID-19. Mitsui has set up the usage environment of such web conference system on the Officer PCs and provides supports to use them in order to ensure the environment that allows the External Directors and External Audit & Supervisory Board Members to discuss effectively in remote meetings.

Mitsui has set up a Board of Directors' database for use in storing information such as minutes and other materials from the past meetings of the Board of Directors, and maintains a platform that enables access to such database from the Officer PCs.

vii) Policy on training for Directors and Audit & Supervisory Board Members

Upon assumption, opportunities are given to Directors and Audit & Supervisory Board Members for gaining full understanding of the business, financial affairs, organization, etc. of Mitsui, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfil their duties including the respective roles expected of Directors or Audit & Supervisory Board Members which are mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

3) Coordination between supervision by the External Directors or auditing by External Audit & Supervisory Board Members, the auditing by the Internal Auditing Division, Audit & Supervisory Board Members and the Independent Auditors, and relationship with divisions involved in internal control

- The External Members, through the Board of Directors, the Audit & Supervisory Board and the External Members Meetings respectively, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regards to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls. At the External Member Meetings, External Directors, Audit & Supervisory Board Members and Independent Auditors mutually exchange information and opinions regarding the policy of audits, and Audit & Supervisory Board Members hosted the free discussion meeting with External Directors.

- Fulltime Audit & Supervisory Board Members, at their discretion, hold a meeting to exchange opinions beforehand among the External Directors and Audit & Supervisory Board Members on certain important matters to be discussed at meetings of the Board of Directors, in order to provide External Board Members with sufficient information for effective discussion at meetings of the Board of Directors.

(3) Information about audits

1) Status of the Audit conducted by Audit & Supervisory Board

Organization, personnel:

- As of the issuance of this report, there are five Audit & Supervisory Board Members, including two Full-time Audit & Supervisory Board Members and three External Audit & Supervisory Board Members (including one female External Audit & Supervisory Board Member, and the percentage of female Audit & Supervisory Board Member is 20%). The Audit & Supervisory Board has designated Mr. Kimiro Shiotani and Mr. Kimitaka Mori as Audit & Supervisory Board Members who have considerable expertise in finance and accounting. Mr. Kimiro Shiotani joined Mitsui in 1984. Before being elected as Audit & Supervisory Board Member in 2019, he had worked in the field of accounting and was appointed as General Manager of Segment Controller Division, in 2012, and as Managing Officer, General Manager of Accounting Division in 2015. Mr. Kimitaka Mori had been working in the field of corporate accounting over the years as a certified public accountant, and holding important positions in that field such as the former Chairman and President of Japanese Institute of Certified Public Accountants.

- Mitsui has entered into agreements with each of the Audit & Supervisory Board Members respectively pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit their liability to the minimum amount of liability as stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

- Mitsui has executed a directors and officers liability insurance (D&O insurance) policy under Article 430-3, Paragraph 1 of the Companies Act of Japan, covering all of the Audit & Supervisory Board Members as the insureds, with insurance companies. This insurance policy covers compensation for damages and litigation expenses, etc. borne by the insured due to claims for damage compensation arising from actions (including inaction) carried out by the insured in relation to the execution of their duties, and the full insurance premium amount for the insured is borne by Mitsui.

- We set up the Audit & Supervisory Board Member Division to assist in the performance of the duties of the Audit & Supervisory Board Members, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

Activities of the Audit & Supervisory Board:

- A meeting of the Audit & Supervisory Board Members is regularly held prior to a meeting of the Board of Directors as a general rule and whenever necessary. In the year ended March 31, 2021, 28 meetings were held and all Audit & Supervisory Board Members participated in all Audit & Supervisory Board meetings.

- Pursuant to laws and regulations, the Articles of Incorporation and the provision of the Rules of the Audit & Supervisory Board, the Audit & Supervisory Board receives relevant reports, deliberates and/or makes resolutions as to important matters in auditing.

- The main items considered and discussed at the Audit & Supervisory Board in the year ended March 31, 2021 are as follows:
  - Audit policies, audit plans and work assignment;
  - Assessment of Independent Auditor;
  - Audit activities conducted by Full-time Audit & Supervisory Board Members;
  - Major issues and due process relating to matters to be discussed at the Board of Directors meetings;
  - Major issues and resolutions relating to the internal control system on global group basis;
  - Monitoring of progress on discussions between the Company and the Independent Auditor about various issues including “Key Audit Matters”;
  - Review of the Auditing Standards for Audit & Supervisory Board Members;
  - Consent to the proposal of the re-election of the Audit & Supervisory Board Member;
  - Report of the whistle-blowing calls to the Audit & Supervisory Board Member;
  - Discussion on the Audit report; and
  - Evaluation of the effectiveness of the Audit & Supervisory Board (Review of the auditing activities through the year), etc.

- Regarding audits of consolidated group companies, because affiliated companies in Mitsui & Co.’s consolidated group vary widely in terms of location, business areas, and growth stages, priority is given, during the formulation of audit policies, to checks concerning the assimilation of the Mitsui & Co. Group Conduct Guidelines as the foundation for the development and operation of internal control systems, and the performance of business activities in accordance with those guidelines. We also respond to change in the external environment for business activities by basing audit policies on various perspectives, including ESG and new work styles.

- Based on yearly audit results, the views of the Audit & Supervisory Board and any issues identified are compiled into recommendations to the Board of Directors as well as the interim audit report and year-end audit report. This is followed by an exchange of opinions at the meeting of the Board of Directors. The results of this process are disseminated within the company.

- An evaluation of the effectiveness of the Audit & Supervisory Board was conducted through individual interviews with all External Audit & Supervisory Board Members, an exchange of views on organization and personnel of Audit & Supervisory Board, status of the operation and discussion at the Audit & Supervisory Board and the auditing activities conducted by the Audit & Supervisory Board at a meeting of the Audit & Supervisory Board, and self-evaluations. The results indicate that an appropriate level of effectiveness is generally being achieved.

- Visits to the locations of frontline business activities and communication with the group employees who are active in those locations are an important part of our audit activities. However, in the year ended March 31, 2021, the spread of COVID-19 has imposed severe constraints on auditing activities especially on on-site visit to overseas, and we are therefore using alternative audit procedures including interviews via web-conference systems instead of on-site visit in order to keep the audit quality. Additionally, to conduct effective and efficient audits, the Audit & Supervisory Board coordinates closely with the Independent Auditors and the Internal Auditing Division. Another priority is the development of closer collaboration with the organizations, officers, and employees (such as audit & supervisory board members of affiliated companies, accounting auditors, and internal audit organizations) responsible for supervision of the development and operation of internal control systems in affiliated companies.

Main Activities of Audit & Supervisory Board Members

- Each Audit & Supervisory Board Member has a duty to audit the following issues; (i)in the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of operation and improvement of the internal control systems, and (ii)in the area of financial audit, the independence of the Independent Auditors, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reviews and reports from the Independent Auditors, and the system of disclosure.

- Audit & Supervisory Board Members attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions. All Audit & Supervisory Board Members have discussions with the Chairman of the Board of Directors and the President and Chief Executive Officer, respectively, on a periodic basis, and in the year ended March 31, 2021 Audit & Supervisory Board Members hosted the free discussion meeting with External Directors for further collaboration between External Directors and Audit & Supervisory Board Members.

- Full-time Audit & Supervisory Board Members attend important internal meetings and committees, including the Corporate Management Committee, Portfolio Management Committee, Information Strategy Committee, Sustainability Committee, Disclosure Committee and Headquarter Business Unit Chief Operating Officer Meeting. Full-time Audit & Supervisory Board Members receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units, general managers in Corporate Staff Units, and the Chief Operating Officers of Business Units. Fulltime Audit & Supervisory Board Members receive reports relating to regular internal audits from the Internal Auditing Division, in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division, and deliver their opinions and advices to audited organizations.

- The Audit & Supervisory Board has designated some of the affiliated companies both domestic and overseas as “Affiliated Companies to be Monitored Designated by the Audit & Supervisory Board”. The Audit & Supervisory Board Members conduct auditing on the management status of Mitsui’s subsidiaries through visits to these designated affiliate companies and major subsidiaries as well as through cooperation with audit & supervisory board members at subsidiaries. In addition to the above, The Audit & Supervisory Board Members receive reports relating to the status of audits and other matters, including the status of quarterly review, at the monthly meetings with the Independent Auditors. At the meetings, the participants exchange opinions about audit environment and other matters, including cooperative framework for the accounting audit within Mitsui.

2) Status of the internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is present and functioning with an emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of Company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2021, is as follows: of a total of 76 people, which includes one General Manager, 42 internal auditors (including 28 re-employed retired contract employees), 20 members in charge of audits, and 13 staff members; 55 people are stationed in the Internal Auditing Division in the Head Office, 6 people are stationed in Internal Auditing Offices overseas, and 15 people are stationed in subsidiaries.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or security trade control systems, and extraordinary examinations to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify the causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles and checks the assessment of the entity-wide internal control regarding the credibility of financial reports, pursuant to the Financial Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.

- For each fiscal year, the internal auditing policy and the internal auditing plan go through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

3) Auditing of financial statements

- Name of auditing firm
  - Deloitte Touche Tohmatsu LLC
  - In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

- The period successively involved in the audit
  - 48 years
  - Rotations of the partners were conducted properly. A partner does not serve our company for more than seven

consecutive fiscal years.
- In addition, a lead audit engagement partner does not serve our company for more than five consecutive fiscal years.

- The certified public accountants executing audits
  - Shuichi Morishige
  - Takashi Kitamura
  - Yoshio Oka

- The members of assistants involved in auditing work
  - The number of assistants involved in auditing work is 120 people as of March 31, 2021, and this number is comprised of 42 certified public accountants, 17 members of the Japanese Institute of Junior Accountants, and 61 others.

- Policy and reason on the Independent Auditor appointment

The Company has the following policy on reappointment, dismissal of, decisions not to reappoint, and election of the Independent Auditor:

(a) The tenure of the Independent Auditor is one year, and they may be reappointed.

(b) As for dismissal, non-reappointment, and election of the Independent Auditor, the Audit & Supervisory Board resolves whether to refer the dismissal, non-reappointment, or election for discussion and resolution at the General Meeting of Shareholders. In relation to the reappointment and appointment for election of the Independent Auditor, the Audit & Supervisory Board assesses and confirms whether the Independent Auditor has maintained an independent stance and has established a structure for continuously implementing proper audit, and makes a resolution on such appointment or reappointment.

(c) Other than for the Company's convenience, where the Independent Auditor has breached or contravened any laws or regulations, such as the Companies Act of Japan or the Certified Public Accountants Act, or has conducted itself in breach of public policy or breached its contract of engagement, the Audit & Supervisory Board shall deliberate whether or not it is appropriate to refer the dismissal or non-reappointment of the Independent Auditor to the General Meeting of Shareholders for discussion and resolution.

(d) The Audit & Supervisory Board may dismiss the Independent Auditor with the approval of each Audit & Supervisory Board Member if the circumstances stipulated in each of the provisions of Article 340, Paragraph 1 of the Companies Act of Japan apply.

(e) The Audit & Supervisory Board conducted the assessment of the accounting audit for the fiscal year ended March 31, 2021, in accordance with the items and process below, confirmed the appropriateness of the accounting audit, and made a resolution on the reappointment of the Independent Auditor for the fiscal year ending March 31, 2022.

- Assessment of Independent Auditor by the Audit & Supervisory Board

The Audit & Supervisory Board conducts assessment of the Independent Auditor with a focus on the following items:
  - Appropriateness as an independent auditor;
  - Audit activities of the audit team at the start of, during, and at the end of the period; and
  - Audit fee setting process

Furthermore, the Audit & Supervisory Board conducts the assessment of the above three items through the following process:
  - Confirmation of the self-assessment of the Independent Auditor, and interviews with managements, audit partners, chief manager, managers, and other related persons of the Independent Auditor; and
  - Confirmation of the assessment of the Independent Auditor by the executing bodies (such as the Global Controller Div. and Internal Auditing Div.), and interviews with managers, persons in charge, and other related persons of the executing bodies

For making the resolution on the reappointment, the Audit & Supervisory Board had discussions on timely basis with the Independent Auditor with regard to a succession plan for a longer period of time, in relation to the positions at partner and manager levels, in order to meet the needs of readiness for advanced issues on accounting audit brought by our diversified and increasingly complex businesses. In addition, to achieve further in audit quality, the Audit & Supervisory Board has identified issues for the Independent Auditor and asked them to implement a PDCA cycle for accounting audits in the next fiscal year. Also, the assessment of the Independent Auditor is made based on the discussion and mutual understanding between the executing bodies and the Independent Auditor about their respective issues found in the course of accounting audit process in order to facilitate constructive dialogue between the executing bodies and the Independent Auditor and ensure the effectiveness of high quality auditing work.

4) Information about audits

i) Details of fees paid to the certified public accountant auditor

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2021 and 2020.

Classification	Year ended March 31, 2021		Year ended March 31, 2020	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	781	4	742	8
Consolidated subsidiaries	716	39	719	11
Total	1,497	43	1,461	19

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by laws to be performed by the auditor, and can only be reasonably performed by the auditor.

The non-auditing work for which Mitsui and its consolidated subsidiaries pay a fee to Deloitte Touche Tohmatsu LLC includes tax-related services and so on.

ii) Details of fees paid to the member firms of Deloitte Touche Tohmatsu Limited, which belong to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2021 and 2020.

Classification	Year ended March 31, 2021		Year ended March 31, 2020	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	7	144	3	85
Consolidated subsidiaries	2,053	310	2,251	207
Total	2,060	454	2,254	292

The non-auditing work for which Mitsui and its consolidated subsidiaries pay a fee to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) includes tax-related services and so on.

iii) Policy for determining audit fees

In determining audit fees, factors such as the auditing plan and the status of execution of duties by the Independent Auditor in the previous fiscal year are taken into account. In order to maintain and improve audit quality and efficient execution of audit, we check the audit process and divide roles between the auditor and the executive department as well as organizing the issues of the individual projects, which promotes transparency of the auditing hours and optimizes the amount of audit fees.
In addition, comparison of budget and actual results, analysis of fluctuation factors, studying further efficiency of audit and confirmation of its progress are carried out quarterly, all of which are discussed with the Independent Auditor in a timely manner.
The adequacy of audit fees is confirmed in accordance with the above policy, and the final approval is made with the consent of the Audit & Supervisory Board.

iv) Reason for the Audit & Supervisory Board's consent to audit fees

The Audit & Supervisory Board also confirmed the audit fee setting process in the assessment of the Independent Auditor. And based on such confirmation, having obtained necessary materials and received reports from Directors, related departments, and Independent Auditor, and having reviewed the auditing plans, the status of execution of duties by the Independent Auditor, the grounds for calculation of remuneration estimates and other matters in the previous fiscal year, the Audit & Supervisory Board gives consent to remunerations for the Independent Auditor in accordance with Article 399, Paragraph 1 of the Companies Act of Japan.

5) Coordination among Audit & Supervisory Board Members, the Internal Auditing Division and the Independent Auditors, and relationship with divisions involved in internal control

- The Audit & Supervisory Board holds regular meetings with the Internal Auditing division and the Independent Auditors. At the beginning of the fiscal year, the participants exchange information and opinions about their auditing policies and plans, the items of focus in audits, the status of audits and other matters, and have discussions on the execution of effective and efficient accounting audits and internal control audits.

- Fulltime Audit & Supervisory Board Members in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division, in addition to the exchange of information with the Internal Auditing Division for implementing efficient audits. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Audit & Supervisory Board. The Audit & Supervisory Board Members, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.

- At the end of the fiscal year, the Audit & Supervisory Board receive reports on the audit procedures and results of audits on accounting and internal controls respectively from the Independent Auditors, and exchange opinions on these. During the fiscal year, the Audit & Supervisory Board Members hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits, the status of discussion of the "Key Audit Matters" and other matters. At the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

(4) Remuneration of Directors and Audit & Supervisory Board Members

1) The Company has established the policy for determining the remuneration of individual Directors by resolution of the Board of Directors, following deliberation by and report of the Remuneration Committee. The remuneration for Directors of the Company is comprised of basic fixed remuneration, results-linked bonuses based on important management indicators for the Company, and share performance-linked restricted stock-based remuneration as medium- to long-term incentive remuneration. From the perspective of respecting the independence of External Directors and Audit & Supervisory Board Members who are independent from business execution, the External Directors and Audit & Supervisory Board Members are not eligible for the results-linked bonuses or stock-based remuneration.

The Company's Remuneration Committee is chaired by an External (Independent) Member. The Committee discusses the remuneration system for Directors and Audit & Supervisory Board Members, and examines the appropriateness of the proportions of fixed remuneration, results-linked bonuses, and medium- to long-term incentive compensation based on trends at other companies and then reports this as well as the appropriateness of clawback provisions to the Board of Directors, among other measures, in order to emphasize transparency in the determination of Directors' and Audit & Supervisory Board Members' remuneration. Regarding the remuneration of individual Directors for the year ended March 31, 2021, after receiving the report of the Remuneration Committee, the Board of Directors has confirmed that the contents of the determined remuneration are consistent with the applicable policy and has judged that they are in line with such policy.

The method used to determine the amount of result-linked remuneration is as follows. (The word "Directors" in i) and ii) below refers to Directors excluding External Directors.)

i) Results-linked bonuses

a) Operating diverse businesses, the Company emphasizes consolidated profit for the year (attributable to owners of the parent) and Core Operating Cash Flow as common performance indicators, and also references these when determining the dividend policy. Directors' bonuses are calculated using the following formula, which is linked to these indicators.

b) Total payment amount = (Consolidated profit for the year (attributable to owners of the parent) x 50% x 0.1%) + (Core Operating Cash Flow x 50% x 0.1%)

* Note that the upper limit for the total payment amount is set at ¥700 million and if the consolidated profit for the year (attributable to owners of the parent) is negative, i.e., loss, or if the Core Operating Cash Flow is negative, i.e., net cash outflow, this negative item will be calculated as 0.

* The actual results of each performance indicator related to the results-linked bonuses for the year ended March 31, 2021 are as follows:

Consolidated profit for the year (attributable to owners of the parent): ¥335.5 billion

Core Operating Cash Flow: ¥658.1 billion

Amount individually paid = Total payment amount x (Position points / Sum of position points)

Position	Chairman/President	Executive Vice President	Senior Executive Managing Officer	Executive Managing Officer
Points	10	7	6	5

Based on the composition of the Directors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (at the limit of the total payment amount of ¥700 million) are as follows:

Sum of position points	=	10 points × 2 persons + 7 points × 3 persons + 6 points × 3 persons + 5 points × 1 person	=	64 points
Chairman/President	=	¥700 million × 10 points / 64 points	=	¥109.37 million
Executive Vice President	=	¥700 million × 7 points / 64 points	=	¥76.56 million
Senior Executive Managing Officer	=	¥700 million × 6 points / 64 points	=	¥65.62 million
Executive Managing Officer	=	¥700 million × 5 points / 64 points	=	¥54.68 million

ii) Stock-based remuneration: Share performance-linked restricted stock-based remuneration

a) In order to foster a heightened sense of shared value with shareholders, Mitsui's ordinary shares with a transfer restriction period and clawback provisions (shares allocated under the system will be referred to as the "Shares") are granted to Directors. This stock-based remuneration system (hereinafter referred to as the "System") is a share performance-linked remuneration system for which the number of shares held by Directors (number of shares after valuation) would vary based on a comparison of the growth rate of the Mitsui's share price and the Tokyo Stock Price Index (TOPIX). The System is intended to give Directors a heightened awareness of the need to increase Mitsui's corporate value by amounts greater than the growth of the stock market by taking into account not only the fluctuations in the Mitsui's share price, but also the performance of Mitsui's share price compared with the stock market as a whole.

b) Number of shares after valuation: The number of shares after valuation is decided at the Board of Directors meeting by taking into consideration the following formula and clawback provisions after receiving advice from the Remuneration Committee.

$$\text{Number of shares after valuation} = \text{Number of Shares} \times \frac{\text{Growth rate of Mitsui's share price}}{\text{TOPIX growth rate} \times 150\%}$$

c) Details are as follows:

(a) Payment method

Under the System, Directors would be granted an entitlement to receive monetary remuneration and will be issued Shares, whether newly issued as ordinary shares or disposed of, in exchange for the in-kind investment of their full entitlement. The amount of entitlements to be paid to each Director under the System will be determined by the Board of Directors based on deliberations by the Remuneration Committee, within the maximum limit approved at the General Meeting of Shareholders.

(b) Total number of shares to be issued or disposed of, paid-in amount per share

The total number of ordinary shares that would be newly issued or disposed of by Mitsui under the System would be no more than 500,000 per year (however, this number may be changed within reasonable limits if Mitsui's ordinary shares are affected by a stock split (including a free allotment of new ordinary shares in Mitsui) or a reverse stock split, or if other circumstances arise that require adjustments to the total number of Mitsui's ordinary shares that are issued or disposed of as the Shares). The paid-in amount per share will be decided by the Board of Directors based on the average daily closing price for Mitsui's ordinary shares on the Tokyo Stock Exchange (excluding days on which there is no closing price, the price will be rounded up to the nearest whole yen) in the three months immediately prior to the month containing the date on which the Board of Directors made a resolution concerning issuance or disposal of the shares (hereinafter referred to as the "Date of the Board of Directors' Resolution"), within a range that is not especially advantageous to the Directors.

(c) Details of share performance linkage conditions

The number of shares after valuation would be determined as follows in linkage with the share performance, etc.

a. If the growth rate of Mitsui's share price (*1) is equal to or greater than 150% of the growth rate of the Tokyo Stock Price Index (TOPIX) (*2), the number after valuation will be deemed to be the entire number of Shares issued (*3).
b. If the growth rate of Mitsui's share price is lower than 150% of the TOPIX growth rate, the number of Shares after valuation will be a number calculated using the following formula, and the remainder of the Shares will be acquired by Mitsui without compensation at the end of the valuation period.

$$\text{Number of shares after valuation} = \text{Number of Shares} \times \frac{\text{Growth rate of Mitsui's share}}{\text{TOPIX growth rate} \times 150\%}$$

$$= \text{Number of Shares} \times \frac{(A + B) / C}{(D / E) \times 150\%}$$

(*1) This is the growth rate of Mitsui's share price during a valuation period defined as three years from the Date of the Board of Directors' Resolution (or the period to the date of retirement if a Director retires from their role as a Director or Managing Officer of Mitsui before the elapse of three years. The same applies to (*2)). The growth rate will be specifically calculated as follows:
A: The average closing price of Mitsui's stock on the Tokyo Stock Exchange during the three months immediately prior to the month in which the final day of the valuation period falls
B: The total dividend per share for Mitsui's ordinary shares during the valuation period
C: The average closing price of Mitsui's stock on the Tokyo Stock Exchange during the three months immediately prior to the month in which the Date of the Board of Directors' Resolution falls
Growth rate of Mitsui's share price = (A+B) / C

(*2) This is the growth rate of the TOPIX during a period of three years from the Date of the Board of Directors' Resolution. It will be specifically calculated using the following formula.
D: The average TOPIX closing price on the Tokyo Stock Exchange during the three months immediately prior to the month in which the final day of the valuation period falls
E: The average TOPIX closing price on the Tokyo Stock Exchange during the three months immediately prior to the month in which the Date of the Board of Directors' Resolution falls
TOPIX growth rate = D / E

(*3) Number of Shares = Entitlement to monetary compensation determined according to rank / Paid-in amount per Share

(d) Restriction on transfer

Directors would be unable to transfer, pawn, or otherwise dispose of the Shares (hereinafter referred to as the "Restriction on Disposal") for a period of 30 years from the pay-in date (hereinafter referred to as the "Restriction on Transfer Period"). During the Restriction on Transfer Period, the Shares would be managed in dedicated accounts established with a securities company nominated by Mitsui.

(e) Lifting of the Restriction on Disposal

Irrespective of the provisions of (d) above, the Restriction on Disposal will be lifted if a Director retires as a director or managing officer of Mitsui before the end of the Restriction on Transfer Period.

(f) Grounds for acquisition without compensation (clawback provisions)

In addition to the condition that there will be an acquisition without compensation under the conditions for linkage to the share performance in (c) above, Mitsui will acquire without compensation all or part of the Shares during the Restriction on Transfer Period if a Director engages in actions that contravene laws and regulations, or on other grounds as stipulated in the agreement concluded between Mitsui and the Director.

(g) Procedures in the event of organizational restructuring, etc.

Mitsui would make reasonable adjustments to the number of Shares to be acquired without compensation or the time when the Restriction on Disposal will be lifted, by resolution of the Board of Directors, if Mitsui enters into a merger agreement resulting in the absorption of Mitsui, or a stock swap agreement or stock transfer plan under which Mitsui becomes a wholly owned subsidiary, or otherwise undertakes organizational restructuring, etc., during the Restriction on Transfer Period, pursuant to a resolution of a General Meeting of Shareholders (or a resolution of the Board of Directors in the case of a matter for which a resolution of a General Meeting of Shareholders is not required).

External Directors, who are separated from business execution, would receive only basic remuneration and would not be paid or given bonus or stock-based compensation linked to the stock price.
Directors are not paid retirement compensation.

As stated below, approval has been given through a resolution at a General Meeting of Shareholders that decisions about the maximum amount of Directors' and Audit & Supervisory Board Members' remuneration and the maximum amounts for individual payments are taken within that limit by the Board of Directors.

	Basic remuneration		Bonus	Share performance-linked restricted stock-based remuneration
Resolution of General Meeting of Shareholders	Ordinary General Meeting of Shareholders on June 21, 2017	Ordinary General Meeting of Shareholders on June 21, 2017	Ordinary General Meeting of Shareholders on June 21, 2017	Ordinary General Meeting of Shareholders on June 20, 2019
Maximum (per year)	¥1,000 million	¥240 million	¥700 million	¥500 million
Eligibility for payment	Directors	Audit & Supervisory Board Members	Directors (excluding External Directors)	Directors (excluding External Directors)
Number of the recipients at the time of the resolution	14	5	9	9

2) The remuneration of Directors and Audit & Supervisory Board Members for the year ended March 31, 2021 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Stock compensation	Total remuneration
Directors (Excluding External Directors)	11	¥710 million	¥497 million	¥320 million	¥1,526 million
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	2	¥132 million	-	-	¥132 million
External Directors	6	¥104 million	-	-	¥104 million
External Audit & Supervisory Board Members	3	¥60 million	-	-	¥60 million
Total	22	¥1,006 million	¥497 million	¥320 million	¥1,822 million

(Notes) 1. Bonuses shown above are not paid yet on the date of the issuance of this report.

2. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥458 million to 101 retired Directors (excluding External Directors), and a total of ¥41 million to 12 retired Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members) in the year ended March 31, 2021.
3. The amounts have been rounded to the nearest million yen.

3) The following table contains information about remuneration earned by the named Directors for the year ended March 31, 2021. The individual amount of remuneration earned by all 9 of the Internal Directors.

Name	Category of position	Payer	Basic remuneration	Bonus	Stock compensation	Total remuneration
Masami Iijima	Director	Mitsui	¥114 million	¥78 million	¥83 million	¥274 million
Tatsuo Yasunaga	Director	Mitsui	¥131 million	¥78 million	¥98 million	¥307 million
Yukio Takebe	Director	Mitsui	¥76 million	¥54 million	¥23 million	¥153 million
Takakazu Uchida	Director	Mitsui	¥70 million	¥54 million	¥23 million	¥147 million
Kenichi Hori	Director	Mitsui	¥62 million	¥47 million	¥19 million	¥128 million
Hirotatsu Fujiwara	Director	Mitsui	¥62 million	¥47 million	¥19 million	¥128 million
Yoshio Kometani	Director	Mitsui	¥62 million	¥47 million	¥19 million	¥128 million
Shinichiro Omachi (Note 1)	Director	Mitsui	¥48 million	¥47 million	¥19 million	¥113 million
Miki Yoshikawa (Note 1)	Director	Mitsui	¥47 million	¥47 million	¥19 million	¥112 million

(Notes) 1. The remuneration amounts for Mr. Shinichiro Omachi and Mr. Miki Yoshikawa, who were newly elected at the Ordinary General Meeting of Shareholders held on June 19, 2020, were limited to the Directors' remuneration paid during 9 months after the election.
2. The remuneration paid for each of the External Directors, Audit & Supervisory Board Members and directors who retired at the Ordinary General Meeting of Shareholders held on June 19, 2020 is not included in the above table.

4) The targets and results for indicators relating to results-linked remuneration in the year ended March 31, 2021 are as follows.

i) Results-linked bonuses

Results-linked bonuses are calculated according to the formula in (1) (i) above. The indicators used are consolidated profit for the period attributable to owners of the parent and Core Operating Cash Flow. The initial targets and results for the indicators in the year ended March 31, 2021 were as follows.

Initial plan: ¥180.0 billion for consolidated profit for the period attributable to owners of the parent, ¥400.0 billion for Core Operating Cash Flow

Results: ¥335.5 billion for consolidated profit for the period attributable to owners of the parent, ¥658.1 billion for Core Operating Cash Flow.

ii) Stock option (stock-based compensation stock options with stock price conditions)

As is described in the section 4.1. (2) 1) Stock Option Plans, holders of stock-based compensation stock options with stock price conditions provided by Mitsui can exercise all of their options if the growth rate of Mitsui's share price is equal to or greater than the TOPIX growth rate during a three-year valuation period from the date on which the options were allocated. If the growth rate of Mitsui's share price is below that level, the percentage of offered options that can be exercised will be adjusted proportionately. The stock price conditions of the stock options for which the number that can be exercised in the year ended March 31, 2021 has been finalized are achieved as stated below.

Stock options (stock-based compensation stock options with stock price conditions) for which the valuation period was completed in the year ended March 31, 2021

Eligible stock options	Stock options based on a resolution of the Board of Directors on July 5, 2017
Stock price conditions achieved	Growth rate of Mitsui's share price (including dividends): 117.43% TOPIX growth: 96.08% Exercisable stock options: 100% of the options granted

5) Mitsui's policy on the method used to calculate remuneration for Directors is decided by the Board of Directors within limits approved by resolutions at General Meetings of Shareholders. Before taking decisions, the Board of Directors receives a report from the Remuneration Committee, which is chaired by an external member, to the effect that the amounts are appropriate, based on prior deliberations by the Committee. The amounts for the year ended March 31, 2021 were determined through the following processes.

i) The basic remuneration for Directors excluding External Directors has been decided according to a specific formula, which was approved as appropriate by the Remuneration Committee and the meeting of the Board of Directors held on December 19, 2018.
The individual amounts of basic remuneration paid to the External Directors were decided at the meeting of the Board of Directors held on April 12, 2017, based on the report of the Remuneration Committee stating that these amounts were appropriate.

ii) The amounts of results-linked bonuses were decided according to a formula adopted at the meeting of the Board of Directors held on April 12, 2017 (see 1), i) above). After deliberating on this formula, the Remuneration Committee reported to the meeting of the Board of Directors held on April 12, 2017 that the formula was appropriate.

iii) The number of shares issued and allocated according to the remuneration system of share performance-linked restricted stock-based remuneration was decided by a resolution of the Board of Directors at a meeting held on July 10, 2020. The Remuneration Committee reported to that meeting of the Board of Directors that the number of stock options to be allocated was appropriate.

6) Audit & Supervisory Board Members receive only basic fixed remuneration which does not include a results-linked portion. The total amount of basic remuneration shall not exceed ¥240 million per year (Resolved at the Ordinary General Meeting of Shareholders held on June 21, 2017. The number of the recipients at the time is 5.). The basic remuneration for each Audit & Supervisory Board Member is determined within that limit by discussions among the Audit & Supervisory Board Members. Retirement compensation is not paid to the Audit & Supervisory Board Members.

(5) Equity securities held

1) Policy and concept of the classification of stocks for investment

As for the classification of stocks for investment held for pure investment purposes and held for purposes other than pure investment purposes, the Company does not possess pure fund management stocks (stocks for investment held for pure investment purposes), as it shall conduct a prior stringent assessment of the probability of the investment creating business opportunities, or building, maintaining, or strengthening business and collaborative relationships.

2) Stocks for investment held for purposes other than pure investment purposes

ⅰ) Method to verify the policy and rational of stock holdings and details of reviews by the Board of Directors

When acquiring stocks for investment held for purposes other than pure investment purposes, the Company shall conduct a prior stringent assessment of the probability of the investment creating business opportunities, or building, maintaining, or strengthening business and collaborative relationships. At the same time, each year, the Board of Directors shall review the meaning of and policy on holding stocks for investment held for purposes other than pure investment purposes by verifying the economic rationale based on the status of dividends, business-related profits, and other related profits, in comparison to total cost such as acquisition cost, fair value and our cost of capital, and verification of qualitative aspects based on the status of and outlook for the creation of business opportunities, as well as business and collaborative relationship with each cross-shareholding investee. If as a result of this review the meaning of holding these assets has significantly declined, our policy is sell such assets thereby reducing the cross-shareholdings.

Of the 52 stocks listed as Specified Investment Shares (Amount on balance sheet for the current year: ¥998,686 million), the purpose for holding the major investees and the amount on balance sheet are as follows, the total amount of which is ¥781,801 million.

① VALE S.A. (Amount on balance sheet: ¥537,790 million)

One of the world's largest players in the mineral resources area and our strategic business partner. With VALE S.A. ("Vale"), we have secured stable profits and its presence in the resource industry through investment in excellent iron ore mines with outstanding competitiveness, and have developed company-wide business by utilizing the company as a platform. Our partnership with Vale started in 2001. Following the Company's equity participation in 2003, we appoint our staff as a member of Vale's Board of Directors and Advisory Committees, and as a long-term stable shareholder who deeply understands the company's business, we provide advice and observe the management of the company to enhance corporate value. We have also been involved in increasing shareholder returns through the formulation of dividend policies from the perspective of pursuing optimal capital allocation. In addition to an increase in the value of our equity stake through improvement of the value of Vale, dividend income and related trading revenue from the company have also been contributing to raising our earnings capacity for a long period of time. Furthermore, as a strategic business partner, we have been promoting joint business in a wide range of fields where we can exert our comprehensive strength. To date, we have created a variety of collaborations and new business opportunities, such as phosphate rock business in Peru (Vale has exited), general cargo transportation business in Brazil, and coal mine & infrastructure business in Mozambique (Mitsui decided to sell its equity stake to Vale and Vale considers divestment of their interest). Together with Vale, which owns abundant high-quality iron ore, we are currently working on realizing a low-CO_2 iron manufacturing technology. In addition, the investment in Vale has drastically increased our presence in Brazil, and, as a result, our business in Brazil has expanded rapidly since its participation in Vale. Current scale of investment and financing is close to ¥1 trillion. We aim to further increase the corporate value of both Vale and us through collaboration seeking mutual benefit.

② Seven & i Holdings Co., Ltd. (Amount on balance sheet: ¥72,400 million)

A major retail holding company centered on Seven-Eleven Japan and Ito-Yokado, and our important business partner in the distribution business. Through provision of centralized management functions for food materials/ingredients and packaging (including supply and demand management), as well as logistics functions (such as operations of cooperative distribution centers), we aim to mutually maximize both companies' corporate value.

③ Recruit Holdings Co., Ltd. (Amount on balance sheet: ¥64,812 million)

Our strategic partner in the staffing business, with whom we started jointly operating a U.S. staffing firm in 2010.

④ Sims Ltd. (Amount on balance sheet: ¥41,876 million)

One of the world's largest metal scrap & environmental recycling companies and our important business partner. Their business complements our scrap & recycling business strategy, and by utilizing them as a platform, we are pursuing new business opportunities and collaborative projects in the ferrous & non-ferrous scrap business, waste substrate scrap business, and other environmental recycling business areas.

⑤ GOLDWIN INC. (Amount on balance sheet: ¥30,921 million)

A major manufacturer of sportswear and sports goods, and our important business partner in the sports apparel field. Through supply of sports apparel-related materials and products, brand licensing, and exploring new business opportunities in Japan and overseas, we aim to contribute to the mutual enhancement of both companies' corporate value.

⑥ MODEC, INC. (Amount on balance sheet: ¥18,980 million)

An important business partner in our offshore business strategy. Their main business is design and construction of floating production, storage and offloading systems, and we and the company have been jointly developing long-term charter business for these facilities around the world.

⑦ Yamato Kogyo Co., Ltd. (Amount on balance sheet: ¥15,022 million)

An electric furnace steel manufacturer and the most important business partner in our global electric furnace strategy, which actively expands business overseas, mainly manufacturing and sales of steel for construction purposes in the U.S. and Thailand. We have been engaging in transactions of raw materials and products with them and their group companies. We also hold a 20% stake in Siam Yamato Steel Co., Ltd., which is Yamato Kogyo's Thai business.

ii) Number of issues and amount on balance sheet

	Number of issues (Issue)	Total amount on balance sheet (Millions of Yen)
Unlisted stocks	259	108,645
Stocks excluding unlisted stocks	130	1,049,700

(Issues which number of shares increased in the year ended March 31, 2021)

	Number of issues (Issue)	Acquisition costs associated to the increase in shares (Millions of Yen)	Reason for increase in number of shares
Unlisted stocks	3	4,022	Acquired based on prior stringent assessments of the probability of the investment creating business opportunities, or building, maintaining, or strengthening business and collaborative relationships
Stocks excluding unlisted stocks	8	4,123	Same as above

(Issues which number of shares decreased in the year ended March 31, 2021)

	Number of issues (Issue)	Sales proceed associated to the decrease in shares (Millions of Yen)
Unlisted stocks	25	37,150
Stocks excluding unlisted stocks	23	3,695

(Note) Issues whose number of shares increased or decreased do not include changes due to stock merger, stock split, stock transfer, stock swap and merger, etc.

iii) Number of shares and amount on balance sheet of each Specifies Investment Shares and Deemed Stockholdings

Specified Investment Shares

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
VALE S.A.	286,347,055 537,790	286,347,055 259,325	Refer to the 2) - i) above for the purpose of holding.	no
Seven & i Holdings Co., Ltd.	16,222,480 72,400	16,222,480 58,011	same as above	no
Recruit Holdings Co., Ltd.	12,000,000 64,812	12,000,000 33,552	same as above	no
Sims Ltd.	33,450,338 41,876	33,450,338 13,507	same as above	no
GOLDWIN INC.	4,367,504 30,921	4,367,504 26,292	same as above	yes
MODEC, INC.	8,387,300 18,980	8,387,300 10,962	same as above	no
Yamato Kogyo Co., Ltd.	4,573,000 15,022	4,573,000 8,478	same as above	no
TOYOTA MOTOR CORPORATION	1,500,000 12,924	1,500,000 9,751	Mainly in the Machinery & Infrastructure Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to automobile business area.	yes
Mitsui Chemicals, Inc.	3,474,078 12,141	3,474,078 7,125	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to mobility, health care and food packaging, etc.	yes
Yamaha Motor Co., Ltd.	4,293,000 11,638	5,451,900 7,125	Mainly in the Machinery & Infrastructure Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to motorcycle, etc.	yes

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
KATO SANGYO Co., Ltd.	3,153,000	3,153,000	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to processed food wholesale.	yes
	11,271	10,735		
Toray Industries, Inc.	13,776,000	13,776,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to chemicals like raw materials for resin and high performance films.	yes
	9,815	6,460		
TBS HOLDINGS, INC.	4,288,000	4,288,000	Mainly in the Innovation & Corporate Development Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to media related business.	no
	9,313	6,449		
Nihon Unisys, Ltd.	2,448,509	2,448,509	Mainly in the Innovation & Corporate Development Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to IT related services.	no
	8,349	7,083		
J-OIL MILLS, INC.	2,087,711	2,087,711	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to vegetable oils.	yes
	8,329	9,540		
Mitsui Fudosan Co., Ltd.	3,000,000	3,000,000	The Company holds shares mainly for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to real estate business.	yes
	7,540	5,611		
Sumitomo Metal Mining Co., Ltd.	1,454,000	1,454,000	Mainly in the Mineral & Metal Resources Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to non-ferrous metal business, etc.	no
	6,948	3,224		

Issue	2021 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
TOYO ENGINEERING CORPORATION	8,754,000	8,754,000	Mainly in the Machinery & Infrastructure Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to engineering business for ammonia / urea fertilizer chemical plants, petrochemical plants, renewable power plants, carbon neutral related plants, etc.	yes
	6,845	2,836		
NIPPN CORPORATION	3,349,110	3,349,110	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to wheat, wheat flour and processed food businesses.	yes
	5,549	5,649		
Kaneka Corporation	1,108,691	1,108,691	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to chemicals like olefin and vinyl chloride resin.	yes
	5,044	2,871		
HUTCHISON CHINA MEDITECH LIMITED	1,606,612	17,584,797	Drug development business in China. Mainly in the Innovation & Corporate Development Segment, the Company holds the shares as FVTPL investment for the purpose of monetization by sale after improving its corporate value by creating business opportunities, building, maintaining or strengthening business and collaborative relationship.	no
	5,024	9,341		
Denka Company Limited	1,087,400	1,087,400	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to chemical materials.	yes
	4,806	2,476		
Showa Sangyo Co., Ltd.	1,540,000	1,540,000	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to feed, flour and oils businesses.	no
	4,781	4,943		

Issue	2021 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
TOSOH CORPORATION	2,246,500	2,246,500	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to chlor-alkali.	yes
	4,758	2,763		
NIPPON STEEL CORPORATION	2,459,954	2,459,954	Mainly in the Iron & Steel Products Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to steel products-related business.	yes
	4,640	2,276		
AIR WATER INC.	2,385,590	1,754,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to industrial gases. Increased due to stock swap.	no
	4,628	2,606		
ZEON CORPORATION	2,352,000	2,352,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to aliphatic (C5) monomer, specialty chemicals.	yes
	4,160	1,914		
RareJob, Inc.	1,828,100	1,828,100	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to online English language teaching service.	no
	3,913	3,268		
Lion Corporation	1,759,000	1,759,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to personal care products.	yes
	3,797	4,068		
Nippon Soda Co., Ltd.	1,015,000	1,015,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to methionine business and agrochemicals business.	yes
	3,547	2,737		

Issue	2021 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
Hexagon Purus AS	5,204,029	-	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to EV and FCV. Increased due to dividend in kind.	no
	3,490	-		
Hankuk Carbon Co., Ltd.	2,637,645	4,234,100	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to carbon fiber reinforced-matrix-composites, etc.	no
	3,172	2,099		
Shin Nippon Air Technologies Co., Ltd.	1,266,252	1,266,252	Mainly in the Machinery & Infrastructure Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to business relating to supply and maintenance of air conditioning systems for facilities in nuclear power plants.	no
	3,046	2,738		
TAKARA HOLDINGS INC.	2,000,000	2,000,000	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to ethanol -related business.	yes
	3,014	1,620		
MS & AD Insurance Group Holdings, Inc.	904,900	1,422,900	The Company holds shares mainly for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to insurance-related business.	no
	2,940	4,304		
Taiwan High Speed Rail Corporation	24,000,000	24,000,000	Mainly in the Machinery & Infrastructure Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to railway-related business area.	no
	2,929	2,484		
JK Holdings Co., Ltd.	3,179,454	3,179,454	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to housing materials.	yes
	2,791	2,190		

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
Mitsubishi UFJ Financial Group, Inc.	4,652,000	4,652,000	The Company holds shares mainly for the purpose of building, maintaining or strengthening financial business relationships.	no
	2,752	1,874		
Morinaga & Co., Ltd.	686,200	686,200	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to dairy products and confectionary ingredients businesses.	no
	2,713	3,033		
Farmers Edge Inc.	1,704,058	-	Mainly in the Innovation & Corporate Development Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to precision agriculture. Classified as a listed stock due to its new listing in the current fiscal year.	no
	2,692	-		
S Foods Inc.	705,500	705,500	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to Australian beef related business etc.	yes
	2,670	1,577		
Tayca Corporation	1,784,094	1,784,094	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to manufacturing of surfactants.	no
	2,652	2,563		
MORIROKU HOLDINGS COMPANY, LTD.	1,128,000	1,128,000	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to automobile components and chemical materials.	yes
	2,547	1,688		
DaikyoNishikawa Corporation	3,222,720	3,222,720	Mainly in the Chemicals Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to automobile components, etc.	no
	2,494	1,592		

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
KYOEI STEEL LTD.	1,470,000	1,470,000	Mainly in the Mineral & Metal Resources Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to business related to their material recycling business, etc.	no
	2,440	1,833		
TV TOKYO Holdings Corporation	1,002,050	1,002,050	Mainly in the Innovation & Corporate Development Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to media-related business.	no
	2,390	2,408		
Sumitomo Mitsui Financial Group, Inc.	593,100	593,100	The Company holds shares mainly for the purpose of building, maintaining or strengthening financial business relationships.	no
	2,376	1,555		
PT Pelat Timah Nusantara Tbk	252,335,000	252,335,000	Mainly in the Iron & Steel Products Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to packaging steel business, etc.	no
	2,214	689		
IHI Corporation	939,500	939,500	The Company holds shares mainly for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to industrial equipment business, etc.	yes
	2,109	1,185		
Japan Airlines Co., Ltd.	791,500	791,500	The Company holds shares mainly for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to passenger aviation and freight business, etc.	no
	1,955	1,575		
Yantai north Andre juice co., LTD.	20,640,000	21,340,000	Mainly in the Lifestyle Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to fruit juice business, etc.	no
	1,866	1,492		
JFE Holdings, Inc.	1,354,360	1,354,360	Mainly in the Iron & Steel Products Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to steel products-related business.	no
	1,845	952		

Issue	2021 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) / Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
NSK Ltd.	-	3,838,000	Mainly in the Iron & Steel Products Segment, the Company held shares for the purpose of creating business opportunities, or building, maintaining, or strengthening business and collaborative relationship in relation to bearing business. All of the shares were sold during the current fiscal year.	yes
	-	2,663		
Mercari, Inc.	-	981,310	The company of planning, development, and operation of the Mercari marketplace app. Mainly in the Innovation & Corporate Development Segment, the Company held shares as FVTPL investment for improving its corporate value by creating business opportunities, building, maintaining or strengthening business and collaborative relationship. All of the shares were sold during the current fiscal year.	no
	-	2,060		
AUSTEVOLL SEAFOOD ASA	-	1,782,236	Mainly in the Lifestyle Segment, the Company held shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to marine products. All of the shares were sold during the current fiscal year.	no
	-	1,351		
CENTRAL SECURITY PATROLS CO.,LTD.	*	445,335	Mainly in the Innovation & Corporate Development Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to security services.	yes
	*	1,736		
GODO STEEL, Ltd.	*	730,882	Mainly in the Iron & Steel Products Segment, the Company holds shares for the purpose of creating business opportunities, building, maintaining or strengthening business and collaborative relationship in relation to steel products-related business.	yes
	*	1,536		

(Note) 1. We verify the rationale of holding stocks through verification of the status of dividends, business-related profits, and other related profits in comparison to total cost such as acquisition cost, fair value and our cost of capital, as well as verification and review of the qualitative significance of holding stocks. However, the quantitative effects of holding stocks are not disclosed in consideration of our relationships with business partners and others.

2. "-" represents not possessed as Specified Investment Shares. "*" means omission due to 1% or less than Mitsui's capital and out of high ranking of 60.

3. Holding of Mitsui's stock is described based solely on the register of shareholders as of March 31, 2021. The shares not held as of March 31, 2021 are based on the register of shareholders as of March 31, 2020.

Deemed Stockholdings

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
TOYOTA MOTOR CORPORATION	2,246,200 19,353	2,246,200 14,602	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	yes
Mitsui Chemicals, Inc.	3,474,000 12,141	3,474,000 7,125	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	yes
Mitsui Fudosan Co., Ltd.	2,801,000 7,040	2,801,000 5,239	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	yes
MS & AD Insurance Group Holdings, Inc.	2,030,100 6,595	2,030,100 6,141	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	no
Toyo Suisan Kaisha, Ltd.	994,000 4,622	994,000 5,188	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	no
TAKARA HOLDINGS INC.	2,170,000 3,270	2,170,000 1,757	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	yes

Issue	2021 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	2020 Number of shares (Shares) Amount on balance sheet (Millions of Yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
Katakura Industries Co., Ltd.	2,200,000	2,200,000	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	no
	3,201	2,336		
Mitsui O.S.K. Lines, Ltd.	666,500	666,500	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether or not to sell based on the pension financial situation.	yes
	2,582	1,164		

(Note) In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and Deemed Stockholdings are not combined.

3) There are no stocks for investment held for pure investment purposes.

5. Financial Information

1. Consolidated Financial Statements

Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2021	**2020**	**2021**
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 2 and 16)	¥ 1,063,150	¥ 1,058,733	$ 9,578
Trade and other receivables (Notes 2, 7, 8, 9, 16 and 21)	1,811,990	1,622,501	16,324
Other financial assets (Notes 2, 8 and 24)	429,986	562,899	3,874
Inventories (Notes 2, 8, 10 and 24)	615,155	553,861	5,542
Advance payments to suppliers	143,714	167,250	1,295
Other current assets	143,477	159,175	1,292
Total current assets	4,207,472	4,124,419	37,905
Non-current Assets:			
Investments accounted for using the equity method (Notes 2, 5, 6, 16 and 28)	3,044,001	2,880,958	27,423
Other investments (Notes 2, 8, 16 and 24)	1,955,607	1,484,422	17,618
Trade and other receivables (Notes 2, 7, 8, 9, 16, 21 and 24)	305,952	422,423	2,756
Other financial assets (Notes 2, 8 and 24)	141,848	186,010	1,278
Property, plant and equipment (Notes 2, 9, 11, 14 and 16)	2,175,072	2,121,371	19,595
Investment property (Notes 2, 9 and 12)	274,847	251,838	2,476
Intangible assets (Notes 2 and 13)	188,555	195,289	1,699
Deferred tax assets (Notes 2 and 23)	112,055	58,908	1,010
Other non-current assets	110,436	80,654	995
Total non-current assets	8,308,373	7,681,873	74,850
Total assets	¥ 12,515,845	¥ 11,806,292	$ 112,755

Consolidated Statements of Financial Position—(Continued)
Mitsui & Co., Ltd. and subsidiaries
March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2021	2020	2021
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 15, 16 and 26)	¥ 300,485	¥ 297,458	$ 2,707
Current portion of long-term debt (Notes 8, 9, 15, 16 and 26)	450,941	399,904	4,063
Trade and other payables (Notes 2 and 15)	1,313,341	1,136,504	11,832
Other financial liabilities (Notes 2, 8, 15, 24 and 25)	371,298	626,963	3,345
Income tax payables (Notes 2 and 23)	58,915	46,206	531
Advances from customers (Note 21)	123,806	133,247	1,115
Provisions (Notes 2 and 17)	36,909	25,844	333
Other current liabilities	46,027	34,984	414
Total current liabilities	2,701,722	2,701,110	24,340
Non-current Liabilities:			
Long-term debt, less current portion (Notes 8, 9, 15, 16 and 26)	3,995,311	4,229,218	35,994
Other financial liabilities (Notes 2, 8, 15, 24 and 25)	116,531	105,279	1,050
Retirement benefit liabilities (Notes 2 and 18)	40,253	39,956	363
Provisions (Notes 2 and 17)	261,365	228,173	2,355
Deferred tax liabilities (Notes 2 and 23)	550,776	412,971	4,962
Other non-current liabilities	27,000	28,653	242
Total non-current liabilities	4,991,236	5,044,250	44,966
Total liabilities	7,692,958	7,745,360	69,306
Equity: (Note 19)			
Common stock	342,080	341,776	3,082
Capital surplus	396,238	402,652	3,570
Retained earnings	3,547,789	3,362,297	31,962
Other components of equity (Notes 2 and 8)	373,786	(223,910)	3,367
Treasury stock	(89,473)	(65,138)	(806)
Total equity attributable to owners of the parent	4,570,420	3,817,677	41,175
Non-controlling interests (Note 2)	252,467	243,255	2,274
Total equity	4,822,887	4,060,932	43,449
Total liabilities and equity	¥ 12,515,845	¥ 11,806,292	$ 112,755

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2021	2020 (As restated)	2021
Revenue (Notes 2, 5, 6, 8, 21 and 24)	¥ 8,010,235	¥ 8,484,130	$ 72,164
Cost (Notes 2, 5 and 8)	(7,198,770)	(7,644,707)	(64,854)
Gross Profit (Note 6)	811,465	839,423	7,310
Other Income (Expenses):			
Selling, general and administrative expenses (Notes 2, 7, 13, 18, 22 and 28)	(606,423)	(584,885)	(5,463)
Gain (loss) on securities and other investments-net (Notes 2, 5, 7, 8 and 28)	7,888	25,060	71
Impairment reversal (loss) of fixed assets-net (Notes 2, 11, 13 and 14)	(52,923)	(110,809)	(477)
Gain (loss) on disposal or sales of fixed assets-net (Notes 11 and 13)	4,646	9,510	42
Other income (expense)-net (Notes 2, 7, 14, 17 and 28)	(13,945)	38,528	(126)
Total other income (expenses)	(660,757)	(622,596)	(5,953)
Finance Income (Costs) (Notes 2 and 8)**:**			
Interest income	19,877	41,373	179
Dividend income	103,655	96,526	935
Interest expense (Note 17)	(51,948)	(89,638)	(468)
Total finance income (costs)	71,584	48,261	646
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 2,5,6, 7 and 28)	227,910	269,232	2,053
Profit before Income Taxes	450,202	534,320	4,056
Income Taxes (Notes 2 and 23)	(99,821)	(123,008)	(899)
Profit for the Year	¥ 350,381	¥ 411,312	$ 3,157
Profit for the Year Attributable to:			
Owners of the parent (Note 6)	¥ 335,458	¥ 391,513	$ 3,022
Non-controlling interests	14,923	19,799	135

(Note) Considering the presentation of revenue in the Consolidated Statement of Income in more detail in accordance with IFRS 15 "Revenue from Contracts with Customers", the Company has presented the "revenue" and corresponding "cost" of certain transactions in gross amounts beginning with the current fiscal year. Those amounts for the previous fiscal year have also been restated to conform to the presentation in the current fiscal year. This restatement has no impact on gross profit, profit for the year attributable to owners of the parent, or total equity attributable to owners of the parent..

	Yen		U.S. Dollars (Note 2)
Earnings per Share Attributable to Owners of the Parent (Notes 2 and 20)**:**			
Basic	¥ 199.28	¥ 226.13	$ 1.80
Diluted	¥ 199.18	¥ 225.98	$ 1.79

Consolidated Statements of Income and Comprehensive Income—(Continued)
Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2021	2020	2021
Comprehensive Income:			
Profit for the year	¥ 350,381	¥ 411,312	$ 3,157
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Financial assets measured at FVTOCI (Notes 2 and 8)	477,184	(376,024)	4,298
Remeasurements of defined benefit pension plans (Notes 2 and 18)	32,514	(7,007)	293
Share of other comprehensive income of investments accounted for using the equity method (Note 5)	1,671	(11,239)	15
Income tax relating to items not reclassified (Note 19)	(119,092)	79,856	(1,073)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments (Notes 2 and 8)	175,992	(152,362)	1,586
Cash flow hedges (Notes 2 and 8)	(3,128)	(10,973)	(28)
Share of other comprehensive income of investments accounted for using the equity method (Note 5)	81,558	(211,552)	735
Reclassification adjustments	5,917	7,070	53
Income tax relating to items that may be reclassified (Note 19)	(6,951)	9,063	(63)
Total other comprehensive income	645,665	(673,168)	5,816
Comprehensive Income for the Year	¥ 996,046	¥ (261,856)	$ 8,973
Comprehensive Income for the Year Attributable to:			
Owners of the parent	¥ 964,652	¥ (259,448)	$ 8,690
Non-controlling interests (Note 19)	31,394	(2,408)	283

Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2021 and 2020

	Attributable to owners of the parent							
Millions of Yen	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**Other Components of Equity**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance as at April 1, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the year			391,513			391,513	19,799	411,312
Other comprehensive income for the year (Notes 2, 8 and 19)				(650,961)		(650,961)	(22,207)	(673,168)
Comprehensive income for the year			391,513	(650,961)		(259,448)	(2,408)	(261,856)
Transaction with owners:								
Dividends paid to the owners of the parent			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders							(14,130)	(14,130)
Acquisition of treasury stock					(58,092)	(58,092)		(58,092)
Sales of treasury stock		(167)	(363)		530	0		0
Compensation costs related to share-based payment (Note 2)	294	317				611		611
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		15,167		650		15,817	(7,349)	8,468
Transfer to retained earnings (Notes 2 and 19)			36,869	(36,869)		-		-
Balance as at March 31, 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 (Notes 2, 8 and 19)				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 (Note 2)	304	1,771				2,075		2,075
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		(8,060)		888		(7,172)	(8,200)	(15,372)
Transfer to retained earnings (Notes 2 and 19)			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

Millions of U.S. Dollars (Note 2)	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 March 31, 2020	$ 3,079	$ 3,627	$ 30,291	$ (2,017)	$ (587)	$ 34,393	$ 2,192	$ 36,585
Profit for the year			3,022			3,022	135	3,157
Other comprehensive income for the year (Notes 2, 8 and 19)				5,668		5,668	148	5,816
Comprehensive income for the year			3,022	5,668		8,690	283	8,973
Transaction with owners:								
Dividends paid to the owners of the parent			(1,221)			(1,221)		(1,221)
Dividends paid to non-controlling interest shareholders							(127)	(127)
Acquisition of treasury stock					(642)	(642)		(642)
Sales of treasury stock		(1)	(1)		2	0		0
Cancellation of treasury stock			(421)		421	-		-
Compensation costs related to share-based payment (Note 2)	3	16				19		19
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		(72)		8		(64)	(74)	(138)
Transfer to retained earnings (Notes 2 and 19)			292	(292)		-		-
Balance as at March 31, 2021	$ 3,082	$ 3,570	$ 31,962	$ 3,367	$ (806)	$ 41,175	$ 2,274	$ 43,449

Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2021	2020	2021
Operating Activities:			
Profit for the year	¥ 350,381	¥ 411,312	$ 3,157
Adjustments to reconcile profit for the year to cash flows from operating activities:			
Depreciation and amortization	273,639	256,125	2,465
Change in retirement benefit liabilities	1,884	(46,793)	17
Loss allowance	80,640	31,170	726
(Gain) loss on securities and other investments—net	(7,888)	(25,060)	(71)
(Gain) loss on loans measured at FVTPL (Note 28)	21,657	-	195
Impairment (reversal) loss of fixed assets—net	52,923	110,809	477
(Gain) loss on disposal or sales of fixed assets—net	(4,646)	(9,510)	(42)
Interest income, dividend income and interest expense	(98,442)	(77,624)	(887)
Income taxes	99,821	123,008	899
Share of (profit) loss of investments accounted for using the equity method	(227,910)	(269,232)	(2,053)
Valuation (gain) loss related to contingent considerations and others	(6,694)	(6,447)	(60)
Changes in operating assets and liabilities:			
Change in trade and other receivables	(40,799)	105,425	(368)
Change in inventories	(34,116)	38,159	(307)
Change in trade and other payables	139,474	(178,921)	1,257
Other—net	(8,381)	(60,179)	(75)
Interest received	52,702	72,699	475
Interest paid	(59,904)	(96,624)	(540)
Dividends received	307,838	299,244	2,773
Income taxes paid	(153,795)	(177,478)	(1,386)
Income taxes refunded	34,312	26,293	309
Cash flows from operating activities	772,696	526,376	6,961
Investing Activities (Note 26):			
Change in time deposits	(30,080)	3,823	(271)
Investments in equity accounted investees	(89,611)	(87,901)	(807)
Proceeds from sales of investments in equity accounted investees	33,093	97,002	298
Purchases of other investments	(43,128)	(32,754)	(389)
Proceeds from sales and maturities of other investments	52,590	103,503	474
Increases in loan receivables	(24,975)	(32,077)	(225)
Collections of loan receivables	39,159	32,823	353
Purchases of property, plant and equipment	(215,690)	(287,839)	(1,943)
Proceeds from sales of property, plant and equipment	9,286	34,712	84
Purchases of investment property	(61,694)	(23,404)	(556)
Proceeds from sales of investment property	8,576	6,882	77
Cash flows from investing activities	(322,474)	(185,230)	(2,905)
Financing Activities (Note 26):			
Change in short-term debt	(26,527)	(27,158)	(239)
Proceeds from long-term debt	863,051	912,041	7,775
Repayments of long-term debt	(1,040,086)	(823,644)	(9,370)
Repayments of lease liabilities (Notes 2 and 6)	(58,380)	(60,861)	(526)
Purchases and sales of treasury stock	(71,337)	(58,092)	(642)
Dividends paid	(135,476)	(139,071)	(1,221)
Transactions with non-controlling interests shareholders	(18,208)	(7,776)	(164)
Cash flows from financing activities	(486,963)	(204,561)	(4,387)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	41,158	(33,959)	371
Change in Cash and Cash Equivalents	4,417	102,626	40
Cash and Cash Equivalents at Beginning of Year	1,058,733	956,107	9,538
Cash and Cash Equivalents at End of Year	¥ 1,063,150	¥ 1,058,733	$ 9,578

"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.

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company have an annual closing date as of March 31. The consolidated financial statements are comprised of the financial statements of the Company, its subsidiaries, and its interests in associated companies and joint ventures (collectively, the "equity accounted investees").

The Company and its subsidiaries, as *sogo shosha* or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers in relation to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The Company and its subsidiaries conduct sales, exports, imports, offshore trades and manufacturing of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Energy," "Machinery & Infrastructure," "Chemicals," "Lifestyle," and "Innovation & Corporate Development," while providing general services for retailing, information and communications, technical support, transportation and logistics and financing.

In addition to the above, the Company and its subsidiaries are also engaged in the development of natural resources such as oil and gas, and iron and steel raw materials and in strategic business investments in new areas such as information technology, renewable energy, and the environmental solutions business.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ⅰ. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Ⅱ. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Japanese yen. It is the functional currency of the Company, and all financial information presented in Japanese yen has been rounded to the nearest million.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2021 is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥111=U.S. $1, the approximate rate of exchange at March 31, 2021. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

Ⅲ. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis, except for items such as financial instruments, assets and liabilities related to defined benefit pension plans, and a part of inventories as explained in Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Ⅳ. USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments based on assumptions and estimates. The judgments based on assumptions and estimates are reviewed on an ongoing basis. Note that the global economic recovery is expected to be boosted by additional economic measures in major countries as well as by widespread availability of vaccinations. China, which controlled the spread of infection during the early stage, is already on a recovery path, and the U.S., which is expanding large-scale financial measures, is expected to return to the level before the COVID-19 outbreak in the first half of the year. Then, Japan is expected to return to the pre-COVID-19 level by the end of the year and Europe by next year. Regarding the economic recovery from the COVID-19, the Company expects that COVID-19 will gradually subside by widespread availability of vaccinations, however, the pace of economic recovery will vary among products, businesses, and locations. The estimates are determined based on each situation.

Main assumptions and estimates that may have a significant risk of resulting in a material adjustment in the consolidated financial statements within the next financial year are as follows:

- Impairment and its reversal of non-financial assets and investments accounted for using the equity method (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Impairment of non-financial assets and investments accounted for using the equity method”, “Oil and gas producing activities”, Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”, Note 11 “PROPERTY, PLANT AND EQUIPMENT”, Note 13 “INTANGIBLE ASSETS” and Note 14 “EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS”)

  The Company and its subsidiaries perform impairment tests for non-financial assets (property, plant and equipment, investment property and intangible assets) and investments accounted for using the equity method. In addition, the Company and its consolidated subsidiaries perform an impairment’s reversal test, except for goodwill.

  Of the recoverable amount, the fair value is assessed as the price in an orderly transaction between market participants, such as the market price of marketable investments in equity accounted investees and the price on the appraisal report by the independent third party.

  The value in use is estimated using cash flow projections and discount rates based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent condition of the non-financial asset, and a profit margin which is deemed to be the market average and the risks inherent in the non-financial assets or cash-generation units is used as discount rate to calculate value in use.

  The factors to be considered when estimating future cash flow and determining discount rates vary because of the difference in nature of the assets and in operating circumstances, such as location, owner, operator, profitability and other factors. For example, with respect to non-financial assets or cash-generating units related to resource businesses such as crude oil, future cash flows are estimated using an estimated oil price. The Company forecasts that Brent Crude price will be in a range of US$60/bbl to US$70/bbl, considering the recent market price and several third parties’ forecasts.

  These estimates may be affected by uncertain future operating circumstances and changes in the external environment, and if actual cash flows differ from the estimates or the discount rate is revised, it may have a significant impact on the amount of recoverable amount in the consolidated financial statements for the next fiscal year.

- Revaluation of financial instruments (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Financial instruments”, Note 7 “RECEIVABLES AND RELATED ALLOWANCES”, Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” and Note 24 “FAIR VALUE MEASUREMENT”)

  Trade and other receivables

  The Company and its subsidiaries measure the loss allowance for trade and other receivables.

  The estimates in measuring the loss allowance may be affected by future changes in credit risk and other factors. If the expected credit losses are revised due to existence of significant increase in credit risk and credit impairment, the amount of the loss allowance may be significantly affected in the consolidated financial statements for the next fiscal year.

  Other investments

  The Company and its subsidiaries measure other investments at fair value other than financial assets measured at amortized cost.

  Other investments include non-marketable other investments measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risk of the investee. They are classified as level 3 considering the degree to which these inputs are observable in the relevant markets. Cash flow projections used in the discounted cash flow method are based on the business plan authorized by investee’s management, and a profit margin, which is deemed to be the market average and the risks inherent in the investment, is used as discount rate to calculate fair value. See Note 24 “FAIR VALUE MEASUREMENT” for quantitative information about Level 3 fair value measurements.

  These estimates may be affected by uncertain future operating circumstances and changes in the external environment, and if actual cash flows differ from the estimates or the discount rate is revised, it may have a significant impact on the amount of fair value in the consolidated financial statements for the next fiscal year.

- Provisions (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Provisions” and Note 17 “PROVISIONS”)

  The Company and its subsidiaries record an asset retirement obligation for costs of dismantling and removing assets mainly related to mining and oil and gas production facilities as provisions.

The estimates of an asset retirement obligation may be affected by uncertain future operating circumstances and changes in the external environment, and if costs of dismantling and removing assets is revised, it may have a significant impact on the amount of an asset retirement obligation in the consolidated financial statements for the next fiscal year.

- Measurement of defined benefit obligations (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Employee benefits” and Note 18 “EMPLOYEE BENEFITS”)

  The Company and certain subsidiaries record the difference between the defined benefit obligation related to defined benefit pension plans and severance indemnity plans and the fair value of plan assets as retirement benefit liabilities.

  The estimates of defined benefit obligation are based on actuarial various assumptions, including discount, retirement and mortality rate. Differences in actual results or revisions to these actuarial assumptions may have a significant impact on the amount of defined benefit obligation in the consolidated financial statements for the next fiscal year.

- Recoverability of deferred tax assets (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Income taxes” and Note 23 “INCOME TAXES”)

  The Company and its subsidiaries determine the recoverability of deferred tax assets.

  The amount of recoverable deferred tax assets is estimated based on all available evidence including the timing when the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse and the forecast of future taxable incomes of the Company and its subsidiaries. The future taxable income is estimated mainly based on expected resource prices, reserve estimation by external institutions and long-term sales agreements.

  The estimates of recoverability of deferred tax assets may be affected by uncertain future economic conditions and other factors, and if the forecast of future taxable incomes is revised or statutory tax rates are changed, it may have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the next fiscal year.

Changes in judgments based on assumptions and estimates which could affect the accompanying consolidated financial statements are mainly as follows.

- Measurement of the recoverable amounts of non-financial assets (See Note 11 “PROPERTY, PLANT AND EQUIPMENT”, Note 13 “INTANGIBLE ASSETS” and Note 28 “IMPAIRMENT LOSSES FOR THE MOATIZE COAL MINE BUSINESS AND NACALA CORRIDOR RAIL AND PORT INFRASTRUCTURE BUSINESS IN MOZAMBIQUE”)
- Provisions (See Note 17 “PROVISIONS”)
- Revaluation of financial instruments (See Note 7. “RECEIVABLES AND RELATED ALLOWANCES”, Note 24 “FAIR VALUE MEASUREMENT” and Note 28 “IMPAIRMENT LOSSES FOR THE MOATIZE COAL MINE BUSINESS AND NACALA CORRIDOR RAIL AND PORT INFRASTRUCTURE BUSINESS IN MOZAMBIQUE”)
- Recoverability of deferred tax assets (See Note 23 “INCOME TAXES”)

Information about significant judgments made in the application of the accounting policies which have an impact on the consolidated financial statements are as follows:

- Scope of consolidated subsidiaries, associated companies, and joint ventures (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Consolidation”, “Investments in associated companies and joint arrangements”, Note 4 “CONSOLIDATED SUBSIDIARIES” and Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”)
- Financial instruments (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Financial instruments”, Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” and Note 24 “FAIR VALUE MEASUREMENT”)
- Accounting for leases (See Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Leasing” and Note 9 “LEASES”)

Ⅴ. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries (which are controlled either directly or indirectly through voting or similar rights), and structured entities (“SEs”). They are collectively called the “companies,” where the Company or one of its subsidiaries have control. SEs are entities controlled through means other than voting or similar rights. The word “control” is used based on its definition in IFRS 10 “Consolidated Financial Statements,” so that the companies consider all facts and circumstances, including existing rights and substantive rights included within agreements with investees.

The consolidated financial statements include financial statements of certain subsidiaries with different fiscal year-ends from that of the Company, as the Company considers it impracticable to unify the fiscal year-ends of such subsidiaries with that of the Company.

Major consolidated subsidiaries with different fiscal year-ends include subsidiaries that operate exploration, development and production of oil and gas. As the Company is a non-operator in such operations and the financial information is prepared by the operators, the Company is unable to obtain necessary information from the operators in time for the preparation of the Company's year end consolidated financial statements. For the same reasons, it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company's year-end date. Therefore, financial information for such subsidiaries with fiscal year-ends of December 31 is included in the Company's consolidated results.

There are other consolidated subsidiaries for which it is also considered impracticable to unify on fiscal year-ends with on the Company's due to requirements of local laws and regulations, and it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company's year-end date due to certain facts and circumstances such as local business practices and the environment surrounding their respective accounting systems. The fiscal year-ends of such consolidated subsidiaries are mainly December 31.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such consolidated subsidiaries and that of the Company.

Changes in the companies' ownership interests that are made while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are measured at their fair value at that date. The difference between the fair value and the carrying amount of the retained non-controlling investments is recognized as gain (loss) on securities and other investments—net.

Investments in associated companies and joint arrangements

Associated companies are entities over which the Company and its subsidiaries own 20% or more of the voting rights. The exceptions to this rule include the entities in which it can be clearly demonstrated that the Company and its subsidiaries are unable to exercise significant influence over the financial and operating policy decisions of the investees, or those whereby the companies have the ability to exercise significant influence despite holding less than 20% ownership. Investments in associated companies are accounted for using the equity method.

Joint arrangements are arrangements in which decisions about relevant activities require the unanimous consent of the parties sharing control. When the parties that have joint control of the arrangement have substantial rights to the assets and obligations for the liabilities, relating to the arrangement, the arrangement is a joint operation. When an arrangement is structured through a separate vehicle and the parties that have joint control of the arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. A joint operation is accounted for by recognizing the assets, liabilities, revenues and expenses relating to its interest in the joint operation. A joint venture is accounted for using the equity method.

Robe River Iron Associates (the Company's percentage of ownership: 33%), which conducts iron ore mining activities in Australia, is a major joint operation.

The consolidated financial statements include some associated companies, joint ventures and joint operations with different fiscal year -ends from that of the Company. It is impracticable to unify the fiscal year-ends due to the requirement of local laws and regulations and relationships with other shareholders, it is also impracticable to prepare additional financial statements as of the same date as the financial statements of the companies due to certain factors such as local business practices and the environment surrounding their respective accounting systems. The fiscal year-ends of associated companies, joint ventures and joint operations are generally December 31.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such associated companies, joint ventures and joint operations and that of the Company.

The companies discontinue the use of the equity method from the date when an investment ceases to be an associated company or a joint venture. Any retained investments are measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained investments is recognized as gain (loss) on securities and other investments—net. Regarding impairment of investments accounted for using the equity method, please refer to "*Impairment of non-financial assets and investments accounted for using the equity method.*"

Business combinations

In accordance with IFRS 3 "Business Combinations," all business combinations are accounted for using the acquisition method. This is a method where all assets and liabilities of an acquired company, including non-controlling interests, are measured at fair value. The differences between consideration transferred and the net fair value of identifiable assets and liabilities are recognized as goodwill when the consideration transferred is in excess of the net fair value of identifiable assets and liabilities. If the net fair value of identifiable assets and liabilities exceed the consideration transferred, the excess is recognized immediately as a gain in the Consolidated Statements of Income for the year.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and equity accounted investees are translated into Japanese yen using the spot exchange rate at the respective reporting date. All income and expense accounts are translated into Japanese yen using average rates of exchange for the respective reporting period. The resulting translation adjustments are recognized in other components of equity.
Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of transactions. At the end of each reporting period, monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the reporting date. The exchange differences arising from translation are recognized in profit for the year.
Non-monetary items measured at historical cost denominated in foreign currencies are translated using the spot exchange rate at the date of transaction.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value. These include certificates of deposit, time deposits, financing bills and commercial paper with original maturities of three months or less.

Inventories

Inventories, consisting mainly of commodities and materials for sale, are measured at the lower of cost and net realizable value. The cost of inventory items that is not ordinarily interchangeable is assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted-average cost formula. Inventories acquired for the purpose of being sold in the near term to profit from fluctuations in price are measured at fair value less costs to sell, and changes in the fair value less costs to sell are recognized in profit for the year.

Financial instruments

Non-derivative financial assets

Trade and other receivables are recognized at fair value on initial recognition. Regular purchases of other financial assets are recognized at fair value on the trade date. These financial assets are derecognized if they satisfy any of the following conditions:

- the contractual rights to the cash flows from the financial asset have expired; or
- the contractual rights to receive the cash flows of the financial asset have been transferred, and substantially all risks and rewards of the ownership of financial asset have been transferred.

Non-derivative financial assets are classified and measured as follows:
Non-derivative financial assets that are debt instruments are measured at amortized cost if they meet the following two criteria: held for the purpose of collecting contractual cash flows, and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Amortized cost is calculated by using the effective interest rate method. For financial assets measured at amortized cost, the companies consider if an impairment has occurred. Please see *Impairment of financial assets* regarding impairment.
Equity financial instruments and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are measured at fair value through profit or loss (“FVTPL”). However, for certain equity financial instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the companies elect at initial recognition to designate these instruments as at fair value through other comprehensive income (“FVTOCI”).
When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity are directly reclassified to retained earnings without being recognized in profit for the year. Dividend income received on financial assets measured at FVTOCI is recognized in profit for the year in principle.

Non-derivative financial liabilities

The companies have non-derivative financial liabilities including corporate bonds and loans payable, trade and other payables, and other financial liabilities. Corporate bonds issued by the companies are recognized on the issue date and all other non-derivative financial liabilities are recognized on the trade date at fair value plus or minus transaction costs that are directly attributable to the

acquisition or issue of the financial liabilities. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method.
The companies derecognize a non-derivative financial liability only when it is extinguished (that is, the underlying obligation specified in the contract is discharged, cancelled or expires).

・ Non-derivative financial assets and non-derivative financial liabilities measured at amortized cost affected by interest rate benchmark reform

Interest rate benchmark reform – Phase 2
The companies have early applied “Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)” issued in August 2020 from April 1, 2020. For non-derivative financial assets and non-derivative financial liabilities measured at amortized cost, a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform is accounted for by updating the effective interest rate of the financial asset or financial liability.

Impairment of financial assets

For financial assets that are measured at amortized costs, the companies measure the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on a financial asset has not increased significantly since initial recognition, and measure the loss allowance at an amount equal to lifetime expected credit losses if the credit risk on a financial asset has increased significantly since initial recognition. However, for trade receivables recognized based on the IFRS 15 "*Revenue from Contracts with Customers*" and contract assets, the loss allowance is measured at an amount equal to the lifetime expected credit loss without assessing whether the credit risk on a financial asset has increased significantly since initial recognition.
When determining significant increases in the credit risk and measuring expected credit losses, both quantitative and qualitative information is considered to provide reason and support. The information includes reasonable and available forward-looking information, as well as internal information such as historical credit loss experience, past due information and internal credit ratings. The loss allowance is measured by a function using probability of default, loss given default, discount factor and exposures based on this information. In addition to this, the companies determine that the credit risk on a financial asset has increased significantly since initial recognition in principal when contractual payments are more than 30 days past due.
Information such as significant financial difficulty of the issuer or the debtor or a breach of contract such as payments past due are used for determining if any of the counterparties is in default. If the debtor is under legal reorganization and in financial failure or has issues repaying debts due to financial difficulty, although it may not yet be in financial failure, or the principal and interest payments are 90 days past due as of the reporting date, the companies determine that the default has occurred and an objective evidence of credit impairment exists. The loss allowance for the credit-impaired financial asset is also measured like it related to financial asset other than credit-impaired financial asset. In addition, it is sometimes also individually measured by the estimation of expected credit losses by using the present value of expected future cash flows discounted at the effective interest rate based on the original terms of the contract, or at fair value of the collateral if their value depends on the collateral on considering the latest information and events.
The financial assets are directly written off when certain conditions are met. The following are examples of when it is reasonably determined that all or part of a financial asset is not collectable: write-off of financial assets by legal liquidation, obtaining of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.
The provision or the reversal of loss allowance is recognized in profit for the year.

Finance income and costs

Finance income and costs consist of items such as interest income, interest expense, dividend income and gain or loss on hedging instruments recognized in profit for the year. Interest income and interest expense are recognized using the effective interest method. Dividend income is recognized on the date when the rights of the companies to received dividends vest. See *Derivative instruments and hedging activities* for accounting for gains or losses arising from hedging instruments.

Derivative instruments and hedging activities

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business. In order to mitigate or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity futures, forwards, options and swap contracts. These derivative instruments hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign currency-denominated debt, to hedge foreign currency exposure to net investments in foreign operations.

The companies recognize all derivative instruments as an asset or a liability at fair value as at the date on which they become party to the relevant agreement. Subsequent to initial recognition, derivative instruments are measured at fair value with any changes in fair value accounted for as follows:

・ Hedging relationships affected by interest rate benchmark reform

Interest rate benchmark reform – Phase 1

The companies have applied "Interest rate benchmark (Amendments to IFRS 9, IAS 39 and IFRS 7)" issued in September 2019 from April 1, 2020 and have applied the following exceptions to certain hedge accounting requirements for hedging relationships affected by interest rate benchmark reform.

- For the purpose of evaluating whether there is an economic relationship between the hedged item and the hedging instrument, the companies assume that the benchmark interest rate is not altered as a result of interest rate benchmark reform.
- For a cash flow hedge of a forecast transaction designated as a hedged item, the companies assume that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the occurrence of the forecast transaction is highly probable.
- When determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the companies assume that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The companies will cease to apply the exceptions above for assessing the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For highly probable assessment of forecast transaction designated as a hedged item, the companies will cease to apply the exceptions above when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Interest rate benchmark reform – Phase 2

The companies have early applied "Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)" issued in August 2020 from April 1, 2020 and have applied the following exceptions to certain hedge accounting requirements for hedging relationships affected by interest rate benchmark reform.

- When the exceptions provided in "Interest rate benchmark reform – Phase 1" cease to apply, the companies amend a hedge designation to reflect the changes required by interest rate benchmark reform and continue the hedge accounting.
- When amending a hedged item designated in cash flow hedge, the companies deem that the amount accumulated in the balance in the cash flow hedges is based on the alternative benchmark rate on which the hedged future cash flows are determined.

・ Fair value hedges

Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, the companies include the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments mainly as interest expense.

・ Cash flow hedges

Derivative instruments held for the purpose of offsetting the variability in cash flows of the hedged items are designated as cash flow hedges. To the extent that they are effective, any changes in fair value are recognized in other comprehensive income until cash flows of the hedged item affect gain or loss. The amounts previously recognized in other comprehensive income are reclassified into profit for the year mainly as interest expense and other income (expense)-net when earnings are affected by the hedged items.

・ Hedges of net investments in foreign operations

Foreign currency transaction gain or loss on derivative instruments and non-derivative financial instruments that are designated and effective as hedging instruments to reduce the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within other comprehensive income to the extent they are effective as a hedge. The amounts in other components of equity are reclassified into profit for the year mainly as gain (loss) on securities and other investments-net when the related investment is sold completely or partially, or the liquidation of the investment is completed. The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are recorded immediately in profit for the year mainly as other income (expense)-net.

・ Derivative instruments for trading purposes

The Company and certain subsidiaries use derivative instruments for trading purposes within certain position and loss limits. Derivative instruments for trading purposes are measured at fair value and changes in fair value are recorded in profit for the year as other revenue.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Leasing

The companies are engaged in finance and operating lease businesses. Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the lessee. Leases other than finance leases are classified as operating leases. For finance leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Operating lease income is recognized as revenue over the term of underlying leases using the straight-line method.

The companies are also lessees of various assets. If a contract is, or contains, a lease, leases are recognized as a lease liability and a corresponding right-of-use asset at the date at which the asset is available for use by the companies. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense over the lease term at a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Note that short-term leases and leases for which the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are measured based on the cost model and are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment, except for land and projects in progress, is computed principally under the straight-line method, using rates based on the estimated useful lives of the related assets. The estimated useful lives for buildings and vessels and aircrafts are primarily 2 to 50 years and 3 to 20 years, respectively. Equipment and fixtures are primarily depreciated using the straight -line method (the estimated useful lives are primarily 2 to 30 years) or the unit-of-production method. Mineral rights are primarily amortized using the unit-of-production method.

Investment property

Investment property is measured by using the cost model and is stated at cost less accumulated depreciation and impairment losses. Depreciation of investment property is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related investment property. The estimated useful lives for investment properties are primarily 2 to 50 years.

Intangible assets

Intangible assets include goodwill arising from the acquisition of subsidiaries.
Intangible assets are measured based on the cost model and intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses. Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.
Software is primarily amortized over 5 years using the straight-line method.

Impairment of non-financial assets and investments accounted for using the equity method

Non-financial assets and investments accounted for using the equity method are quarterly assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the non-financial asset and investment are

estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. For investments accounted for using the equity method, the entire carrying amount of the investment is tested for impairment as a single asset.
The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal and its value in use and is determined as an individual asset, when the asset generates cash inflows that are largely independent of those from other assets or groups of assets.
Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount. The impairment loss is then recognized in loss for the year. For assets other than goodwill, an assessment is made quarterly as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in profit for the year. The amount is reversed to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized. An impairment loss recognized for goodwill is not reversed.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.
Proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the recoverable amount. Unproved properties are assessed whenever there is an indication of impairment, and if the unproved properties are determined to be impaired, impairment losses are charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.
In surface mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs in relation to minerals produced during the fiscal year are variable production costs to be considered as a component of mineral inventory costs. These are recognized as a component of costs in the same period as the related revenues from sales of the minerals. On the other hand, post-production stripping costs incurred that relate to minerals to be produced in the subsequent fiscal year are capitalized, and are amortized using either the unit-of-production method or straight-line method based on the proved and probable reserves.

Provisions

Provisions are recognized when the companies have a present obligation (legal or constructive) as a result of a past event, it is probable that outflows of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligations can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The companies recognize costs of dismantling and removing assets mainly related to mining and oil and gas production facilities, and the companies record the provision for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the asset. Over time, the liability is increased to its present value to reflect the passage of time, and the capitalized cost is depreciated over the useful life of the related asset.

Employee benefits

The Company and certain subsidiaries have defined benefit pension plans and severance indemnity plans. The costs of defined benefit pension plans and severance indemnity plans are accrued based on amounts determined using actuarial procedures based on the projected unit credit method. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the consolidated statements of financial position. The remeasurements of defined benefit pension plans are recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition.

The Company and certain subsidiaries also have defined contribution pension plans. Payments to defined contribution pension plans are recognized as an expense when employees have rendered service.

Revenue recognition

Revenue is recognized as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognized at the time when the performance obligations are satisfied, based on the 5 step approach (1. Identifying the contract with a customer, 2. Identifying the performance obligations of the contract, 3. Determining the transaction price, 4. Allocating the transaction price to performance obligations in the contract and 5. Recognizing the revenue when the entity satisfies a performance obligation). Upon the identification of the performance obligations of the contract, a consideration of whether an entity is a principal or an agent is made, and if the nature of the entity's promise is a performance obligation to provide the specified goods or services as a principal, revenue is recognized at the gross amount, and if the nature of the entity's promise is a performance obligation to arrange for the provision of goods or services by another party, then revenues received as an agent is recognized at the amount of any fee or commission to which it expects to be entitled or as a net amount.

Revenue is recognized when (or as) the companies satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer when (or as) the customer obtains control of that asset. The time when the customer obtains control of that asset is determined based on the ability to direct the use of and obtain substantially all of the remaining benefits from the asset.

The companies' main performance obligation is the sale of various products; the sale of a wide variety of manufactured products such as metals, chemicals, foods, and general consumer merchandise; the sales of coal, iron ore, oil, and gas; and the development and sale of real estate. The companies recognize revenue based on the transfer, acceptance by the customer, or the dispatch of goods for domestic transactions, and recognize revenue based on the transfer of the risks and costs, which is determined by the incoterms, for international transactions. In case that the performance obligation is rendering of services such as logistic and warehouse, information and communication, technical support, and arrangements related to the order, financing or delivery for commissions, revenue is recognized at the time when the completion of services or the elapse of period for rendering services. In regard to determining the time when the customer obtains control of that asset, the verified right to receive the consideration, the legal title, the physical possession, the significant risk and rewards, and the acceptance are assessed.

The consideration is normally received within a year and performance obligation do not include a significant financing component.

For transactions where the performance obligation is satisfied over time, and only if its progress towards complete satisfaction of the performance obligation can be reasonably measured, revenue is recognized by measuring the progress towards the completion of the satisfaction of the performance obligation. Even if the progress towards complete satisfaction of a performance obligation may not be reasonably measurable, if the costs incurred in satisfying the performance obligation are expected to be recovered, revenue is recognized only to the extent of the costs incurred until the progress can be reasonably measured.

Other revenue

Other revenue principally includes revenues from leasing activities in real estate, rolling stock, ocean transport vessels, aircraft, equipment and, others; revenues from derivative commodity instruments and derivative financial instruments held for trading purposes; revenues from FVTPL investments; and revenues from financing. See accounting policies for *Leasing* and *Derivative instruments and hedging activities* for revenue recognition policies regarding leasing and derivative transactions, respectively.

Income taxes

Income taxes comprise current taxes and deferred taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and their tax bases, tax loss carryforwards and tax credit

carryforwards. These deferred income taxes are measured using the currently enacted or substantively enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Deferred tax assets are recognized except for cases where such deferred tax assets are not deemed to be recoverable.
Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and equity accounted investees, unless the companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are applicable to the expected manner of recovery or settlement by management.
Upon the introduction of the Expansion of the Petroleum Resource Rent Tax Act in Australia, companies are allowed to elect to use market value as a starting base for transitional projects existing at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. The Company's Australian subsidiaries and equity accounted investees apply the market value approach. The Petroleum Resource Rent Tax is regarded as an income tax subject to tax effect accounting in accordance with IAS 12 "Income Taxes" and deferred tax assets have been recognized for the operating assets based on the differences in book values for financial reporting purposes and their tax bases except for the portion that is deemed not to be recoverable. In determining recoverability, several tax deductible items such as royalties and the impact of future augmentation, which will be incurred on tax losses carried forward in the Petroleum Resource Rent Tax, have been considered.
The companies recognize uncertain tax positions in income taxes in the consolidated financial statements if it is not probable that the taxation authority will accept an uncertain tax treatment.

Earnings per share

Basic earnings per share attributable to owners of the parent are computed by dividing profit for the year attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. Diluted earnings per share attributable to owners of the parent reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Ⅵ. STANDARDS AND INTERPRETATIONS NEWLY APPLIED

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

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

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

Ⅶ. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new standards, interpretations, and amendments that have been issued as of the date of the approval of the Consolidated Financial Statements which the companies have not yet applied as of March 31, 2021 are as follows.

IFRS	Title	Reporting periods beginning on or after which the applications are required	Reporting periods of the application by the companies (Reporting period ended)	Summaries of new IFRS and amendments
IFRS 17	Insurance Contracts	January 1, 2023	March 31, 2024	Fundamental amendment of accounting for insurance contracts
IAS 12	Income Taxes (amended in May 2021)	January 1, 2023	March 31, 2024	Clarification of accounting treatment for deferred tax related to assets and liabilities arising from a single transaction

The potential impacts that application of IFRS 17 "Insurance Contracts" and IAS 12 "Income Taxes" will have on the consolidated financial statements cannot be reasonably estimated at this time.

Ⅷ. CHANGES IN PRESENTATION

（Consolidated Statements of Cash Flows）

“Repayments of lease liabilities”, which was included in “Repayments of long-term debt” for the year ended March 31, 2020 is separately presented from the year ended March 31, 2021 in order to indicate the calculation of Core Operating Cash Flow whose formula has been altered from the year ended March 31, 2021. Consolidated Statements of Cash Flows for the year ended March 31, 2020 is reclassified to conform to this change in presentation.

As a result, the amount of ¥(884,505) million for the year ended March 31, 2020, which was presented in “Repayments of long-term debt” within “Cash Flows from Financing Activities” in the Consolidated Statements of Cash Flows for the year ended March 31, 2020 has been reclassified and presented as ¥(823,644) million for “Repayments of long-term debt” and as ¥(60,861) million for “Repayments of lease liabilities”.

（Consolidated Statements of Changes in Equity）

Compensation costs related to stock options and share performance-linked restricted stock are integrated in “Compensation costs related to share-based payment” from the year ended March 31, 2021. Compensation costs related to the share-based compensation plan for employees introduced in the year ended March 31, 2021 is also included in this account.

As a result, in Consolidated Statements of Changes in Equity for the year ended March 31, 2020, the capital surplus of ¥ 23 million for “Compensation costs related to stock options”, the common stock of ¥ 294 million and the capital surplus of ¥ 294 million for “Compensation costs related to share performance-linked restricted stock” have been reclassified and presented as the common stock of ¥ 294 million and the capital surplus of ¥ 317 million for “Compensation costs related to share-based payment”.

3. BUSINESS COMBINATIONS

For the year ended March 31, 2021

No material business combinations were completed during the year ended March 31, 2021.

For the year ended March 31, 2020

No material business combinations were completed during the year ended March 31, 2020.

4. CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries

Major consolidated subsidiaries as of March 31, 2021 were as follows:

Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of voting shares (%)
Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	70.0
Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Mitsui Iron Ore Corporation Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile through Inversiones Mineras Becrux SpA	Netherlands Amsterdam	100.0
Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia Brisbane	100.0
Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan Tokyo	74.3
Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands Amsterdam	100.0
MBK USA Commercial Vehicles Inc.	Investment in US truck leasing and logistics business	U.S.A. Wilmington	100.0
MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan Tokyo	100.0
MITSUI & CO.(U.S.A.), INC.	Trading	U.S.A. New York	100.0

Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries

There is no significant gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries during the years ended March 31, 2021 and 2020.

Unconsolidated Structured Entities (Unconsolidated SEs)

The companies are involved with SEs, established mainly for the purpose of real estate investment and financing projects such as, those related to oil and gas, through investments, providing guarantees or loans to the SEs.
The activities of these SEs are real estate fund business and providing financing to customers in the form of leases and loans.
The entities are financed mainly by bank borrowings and issuance of stock.

The total assets of SEs that the companies are involved with, the carrying amounts of assets and liabilities in the Consolidated Statements of Financial Position that relate to the companies' interests in the SEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the SEs as of March 31, 2021 and 2020 were as follows:

March 31, 2021:

Millions of Yen			
	Assets and liabilities that relate to interests in SEs		
Total assets of SEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,435,991	¥ 76,499	-	¥ 76,499

March 31, 2020:

Millions of Yen			
	Assets and liabilities that relate to interests in SEs		
Total assets of SEs	**Carrying amounts of assets**	**Carrying amounts of liabilities**	**Maximum exposure to loss**
¥ 1,197,279	¥ 65,575	-	¥ 65,575

Note: The assets that relate to the companies' interests in the SEs are mainly "Other investments" and "Trade and other receivables."

The amount of maximum exposure to loss represents a loss that the companies could incur from financial difficulties of the customers. The amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the SEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss that relates to the companies' interests in the SEs represents the amounts of investments and loans provided by the companies to the SEs as of March 31, 2021 and 2020, respectively.

The companies did not provide any financial support to the SEs for the years ended March 31, 2021 and 2020.

Consolidated Structured Entities (Consolidated SEs)

There is no material consolidated SE as of March 31, 2021 and 2020.

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Primary investees over which the companies have the ability to exercise significant influence despite ownership percentage of less than 20% are as follows:

The companies are the second largest shareholder group, owning 16.48% of Penske Automotive Group, Inc. (“PAG”). The companies entered into a shareholder's agreement with the largest shareholder group owning 43.54% of PAG’s voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a “group” within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies’ ability to exercise significant influence over operating and financial policies primarily through board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies’ global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in PAG’s decision-making processes.

One of the consolidated subsidiaries is one of the second largest shareholders, owning 16.60% of Cameron LNG Holdings, LLC (“Cameron”). The investment in Cameron is accounted for under the equity method in consideration of following factors.
The Company entered into a shareholder's agreement with the largest shareholder owning 50.20% of Cameron’s voting shares and other shareholders. Based on the agreement, the Company has the ability to exercise significant influence over operating and financial policies through representation on board. In addition to this, other consolidated subsidiary entered into a significant agreement with Cameron’s subsidiary.

The carrying amount of the investments accounted for using the equity method for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen	
	2021	**2020**
Associated companies	¥ 1,852,488	¥ 1,774,437
Joint ventures	1,191,513	1,106,521
Total	¥ 3,044,001	¥ 2,880,958

Share of profit and other comprehensive income of the equity accounted investees for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Profit (loss) for the year		
Associated companies	¥ 174,216	¥ 170,706
Joint ventures	53,694	98,526
Total	¥ 227,910	¥ 269,232
Other comprehensive income (loss)		
Associated companies	¥ 65,681	¥ (131,485)
Joint ventures	22,435	(85,097)
Total	¥ 88,116	¥ (216,582)
Total comprehensive income (loss)	¥ 316,026	¥ 52,650

Dividends received from the equity accounted investees for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Associated companies	¥ 130,095	¥ 131,693
Joint ventures	63,241	77,835
Total	¥ 193,336	¥ 209,528

The carrying value of the investments accounted for using the equity method exceeded the companies' equity in the underlying net assets of those companies. The amounts of such excess value for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Associated companies	¥ 405,935	¥ 378,818
Joint ventures	82,185	106,748
Total	¥ 488,120	¥ 485,566

The amount of excess value is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments mainly relate to property, plant and equipment, intangible assets which consist primarily of equipment and fixtures, customer relationship and trademark rights, and depreciable assets are amortized over their respective estimated useful lives using either the straight-line or the unit-of-production method.

Investments in common stock of publicly-traded associated companies include marketable equity securities carried at ¥570,290 million and ¥536,028 million at March 31, 2021 and 2020, respectively. Corresponding aggregate quoted market values were ¥709,787 million and ¥565,399 million, respectively. There was no investment in common stock of publicly-traded joint venture.

The amounts of impairment losses on investments in equity accounted investees for the years ended March 31, 2021 and 2020 were ¥4,461 million and ¥5,582 million, respectively, and included in "Gain (loss) on securities and other investments-net" in the Consolidated Statements of Income.

The amounts of outstanding balances of assets and liabilities in the equity accounted investees for the years ended March 31, 2021 and 2020 were as follows:
The assets mainly consisted of trade receivables, loans and other investments and the liabilities mainly consisted of trade payables and loan payables.

	Millions of Yen			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Associated companies	¥ 130,077	¥ 74,804	¥ 151,434	¥ 65,398
Joint ventures	126,191	39,629	159,951	42,585
Total	¥ 256,268	¥ 114,433	¥ 311,385	¥ 107,983

In relation to the Company's liquefaction business in the United States, a wholly-owned subsidiary of the Company has secured four million tons per annum of LNG tolling capacity for 20 years following the inception of production of LNG in 2019, for which it will pay a tolling service fee under a natural gas tolling liquefaction agreement with Cameron LNG LLC, a subsidiary of Cameron LNG Holdings LLC, an associate of the Company.
The Company has completed the procurement of eight LNG ships intended to be used for the delivery of LNG mainly to its customers in Japan.
Among the time charter contracts for the eight ships, seven ships including contracts for six ships with ship-owning companies in which the Company has investments accounted for as joint ventures, have already been delivered to the Company, and those time charter have commenced simultaneously.
The total residual hire amount for the eight ships is approximately ¥560 billion. Extension optional lease payment which are not reflected in the measurement of lease liabilities are included in the total residual hire amount, and the execution of those options in the future will be judged based on market environment and other conditions. Corresponding to most of the costs from the above tolling and transportation contracts, the Company also entered into long term LNG sales contracts with customers mainly in Japan.

The companies' revenues and purchases in cost of revenues from the equity accounted investees for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020 (As restated)
Revenues		
Associated companies	¥ 123,294	¥ 120,537
Joint ventures	53,464	109,918
Total	¥ 176,758	¥ 230,455
Purchases		
Associated companies	¥ 186,199	¥ 137,639
Joint ventures	84,563	114,312
Total	¥ 270,762	¥ 251,951

As described in the Note in Consolidated Statements of Income, the Company has reconsidered the presentation of revenue from certain transactions and has presented revenues based on the results of the reconsideration for the current and previous fiscal year.

6. SEGMENT INFORMATION

IFRS 8 “Operating Segments” requires disclosure of financial and descriptive information regarding operating segments, which are components of an entity whose operating results are regularly reviewed by the entity’s chief operating decision-maker in deciding resources to be allocated to the segments and assessing their performance.

The Company is operated through business units, determined based on their business, which plan overall and worldwide strategies for their business domains and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for business and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their affiliated companies in collaboration with the business units. The Company’s decision-making regarding business resource allocation and its performance assessment are based on the business results obtained by the components where the regional business units were consolidated by the business domains. Therefore, the companies’ operating segments are business segments comprised of the business units of the Head Office where the regional business units were consolidated by the business domains.

The companies’ operating segments have been aggregated into reportable segments based on the similarities in the nature of the products and services, the production processes, the type of customer, the methods used for distribution, and the regulatory environments surrounding their businesses, along with the similarities in the economic characteristics based on the profitability indicators using Gross Profit, Profit (Loss) for the Year Attributable to Owners of the parent, etc.

The reportable segments (including the regional business units consolidated by the business domains) of the Company are as follows:

“Iron & Steel Products” consists of the Iron & Steel Products Business Unit. This segment manufactures, sells and trades iron & steel products in Japan and abroad.

“Mineral & Metal Resources” consists of the Mineral & Metal Resources Business Unit. This segment is engaged in overseas development of iron and non-ferrous metal resources, and produces, sells and trades raw materials and metal products in Japan and abroad.

“Energy” consists of the Energy Business Units I, II, and Energy Solutions Business Unit. This segment is engaged in overseas development of oil and gas resources, and manufactures, sells and trades oil, gas, coal and related products, as well as next-generation electric power businesses in Japan and abroad.

“Machinery & Infrastructure” consists of the Infrastructure Projects Business Unit, the Mobility Business Unit I and the Mobility Business Unit II. This segment is engaged in manufacturing, sales and trading, leasing and financing of plant and machinery, as well as infrastructure businesses such as power generation in Japan and abroad.

“Chemicals” consists of the Basic Materials Business Unit, the Performance Materials Business Unit, and the Nutrition & Agriculture Business Unit. This segment manufactures, sells and trades chemical products and living & environmental materials in Japan and abroad.

“Lifestyle” consists of the Food Business Unit, the Food & Retail Management Business Unit and the Healthcare & Service Business Unit. This segment manufactures, sells, and trades foods and consumer products, and engages in healthcare in Japan and abroad.

“Innovation & Corporate Development” consists of the IT & Communication Business Unit and the Corporate Development Business Unit. This segment engages in information and communication, logistics, insurance, finance, real estate and media businesses in Japan and abroad.

The companies' operating segment information and geographic area information for the years ended March 31, 2021 and 2020 were as follows:

Segment information

Year ended March 31, 2021:	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 436,579	¥ 1,396,902	¥ 838,598	¥ 792,200	¥ 1,933,795	¥ 2,373,082	¥ 236,120	¥ 8,007,276
Gross Profit	¥ 21,184	¥ 251,150	¥ 62,887	¥ 107,729	¥ 124,904	¥ 133,782	¥ 107,001	¥ 808,637
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,309	¥ 70,390	¥ 18,820	¥ 95,268	¥ 11,304	¥ 13,445	¥ 13,883	¥ 227,419
Profit (Loss) for the Year Attributable to Owners of the Parent	¥ 2,119	¥ 179,917	¥ 27,161	¥ 45,935	¥ 43,520	¥ 12,724	¥ 50,161	¥ 361,537
Total Assets at March 31, 2021	¥ 566,020	¥ 2,566,491	¥ 2,566,305	¥ 2,291,278	¥ 1,345,469	¥ 2,009,315	¥ 1,191,842	¥12,536,720
Investments accounted for using the equity method at March 31, 2021	¥ 251,045	¥ 437,952	¥ 383,543	¥ 944,431	¥ 179,307	¥ 624,063	¥ 214,030	¥ 3,034,371
Core Operating Cash Flow	¥ 2,030	¥ 308,146	¥ 123,156	¥ 78,700	¥ 62,513	¥ 19,776	¥ 55,147	¥ 649,468
Capital additions to Non-current assets	¥ 951	¥ 59,153	¥ 51,966	¥ 15,574	¥ 15,983	¥ 15,971	¥ 70,096	¥ 229,694
Depreciation and amortization	¥ 1,394	¥ 40,209	¥ 129,834	¥ 20,533	¥ 21,955	¥ 22,581	¥ 16,705	¥ 253,211

Year ended March 31, 2021:	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 2,960	¥ (1)	¥ 8,010,235
Gross Profit	¥ 2,377	¥ 451	¥ 811,465
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 472	¥ 19	¥ 227,910
Profit (Loss) for the Year Attributable to Owners of the Parent	¥ (19,379)	¥ (6,700)	¥ 335,458
Total Assets at March 31, 2021	¥ 7,202,925	¥ (7,223,800)	¥ 12,515,845
Investments accounted for using the equity method at March 31, 2021	¥ 12,261	¥ (2,631)	¥ 3,044,001
Core Operating Cash Flow	¥ (12,128)	¥ 20,798	¥ 658,138
Capital additions to Non-current assets	¥ 47,689	¥ 1	¥ 277,384
Depreciation and amortization	¥ 20,429	¥ (1)	¥ 273,639

Year ended March 31, 2020: (As restated)	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 492,291	¥ 1,173,163	¥ 893,647	¥ 1,065,065	¥ 2,171,610	¥ 2,495,813	¥ 185,921	¥ 8,477,510
Gross Profit	¥ 24,554	¥ 225,966	¥ 141,123	¥ 134,596	¥ 116,757	¥ 134,924	¥ 60,099	¥ 838,019
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 13,121	¥ 59,152	¥ 45,211	¥ 88,372	¥ 11,540	¥ 34,996	¥ 16,984	¥ 269,376
Profit (Loss) for the Year Attributable to Owners of the Parent	¥ 4,749	¥ 183,273	¥ 57,835	¥ 89,356	¥ 22,332	¥ 32,034	¥ 14,568	¥ 404,147
Total Assets at March 31, 2020	¥ 539,599	¥ 1,921,883	¥ 2,566,282	¥ 2,360,321	¥ 1,217,737	¥ 1,907,621	¥ 1,198,286	¥ 11,711,729
Investments accounted for using the equity method at March 31, 2020	¥ 249,208	¥ 388,353	¥ 344,280	¥ 900,564	¥ 165,063	¥ 613,307	¥ 210,734	¥ 2,871,509
Core Operating Cash Flow	¥ 2,153	¥ 243,716	¥ 206,459	¥ 86,841	¥ 35,841	¥ 20,494	¥ 3,916	¥ 599,420
Capital additions to Non-current assets	¥ 991	¥ 52,602	¥ 71,249	¥ 73,031	¥ 21,356	¥ 25,947	¥ 36,160	¥ 281,336
Depreciation and amortization	¥ 1,376	¥ 36,329	¥ 116,453	¥ 21,697	¥ 21,544	¥ 27,342	¥ 11,691	¥ 236,432

Year ended March 31, 2020: (As restated)	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 8,017	¥ (1,397)	¥ 8,484,130
Gross Profit	¥ 1,010	¥ 394	¥ 839,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 179	¥ (323)	¥ 269,232
Profit (Loss) for the Year Attributable to Owners of the Parent	¥ (4,995)	¥ (7,639)	¥ 391,513
Total Assets at March 31, 2020	¥ 7,142,647	¥ (7,048,084)	¥ 11,806,292
Investments accounted for using the equity method at March 31, 2020	¥ 12,091	¥ (2,642)	¥ 2,880,958
Core Operating Cash Flow	¥ (39,114)	¥ 725	¥ 561,031
Capital additions to Non-current assets	¥ 29,906	¥ -	¥ 311,242
Depreciation and amortization	¥ 19,692	¥ 1	¥ 256,125

(Notes) 1. "All Other" includes the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of "All Other" at March 31, 2020 and March 31, 2021 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.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Year Attributable to Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Formerly, Core Operating Cash Flow was calculated by eliminating the sum of the "Changes in Operating Assets and Liabilities" from "Cash Flows from Operating Activities" as presented in the Consolidated Statements of Cash Flows. During the year ended March 31, 2021, Core Operating Cash Flow is calculated by additionally deducting the "Repayments of lease liabilities" as presented in the "Cash Flows from Financing Activities". In accordance with this change, Core Operating Cash Flow for the year ended March 31, 2020 has been restated.
5. In order to accelerate our multifaceted, flexible initiatives that combine various kinds of knowledge from different business domains, a part of next-generation electric power business was transferred from the "Machinery & Infrastructure" segment to the "Energy" segment, in conjunction with the creation of the Energy Solutions Business Unit in "Energy" segment, during the year ended March 31, 2021. In accordance with this change, the segment information for the year ended March 31, 2020 has been restated to conform to the current and previous fiscal year.
6. As described in the Note in Consolidated Statements of Income, the Company has reconsidered the presentation of revenue from certain transactions and has presented revenues based on the results of the reconsideration for the current and previous fiscal year.

Geographic area information

	Millions of Yen					
	Japan	**United States**	**Australia**	**Singapore**	**All Other**	**Consolidated Total**
Year ended March 31, 2021:						
Revenue …………………………	¥ 4,743,653	¥ 688,400	¥ 595,807	¥ 526,076	¥ 1,456,299	¥ 8,010,235
Year ended March 31, 2020:						
Revenue (As restated)....…………	¥ 4,957,087	¥ 709,265	¥ 539,155	¥ 671,556	¥ 1,607,067	¥ 8,484,130

(Notes) 1. Revenues are attributed to countries based on the location of sellers.

2. As described in the Note in Consolidated Statements of Income, the Company has reconsidered the presentation of revenue from certain transactions and has presented revenues based on the results of the reconsideration for the current and previous fiscal year.

	Millions of Yen					
	Japan	**Australia**	**United States**	**Italy**	**All Other**	**Consolidated Total**
At March 31, 2021:						
Non-current assets ………	¥ 881,700	¥ 637,533	¥ 551,186	¥ 173,148	¥ 505,344	¥ 2,748,911
At March 31, 2020:						
Non-current assets (As restated)	¥ 855,598	¥ 517,809	¥ 530,232	¥ 205,288	¥ 540,226	¥ 2,649,153

(Note) "Thailand", which was separately presented in the previous fiscal year, has been consolidated into "All Other" in the current fiscal year because the amount has become immaterial. In accordance with this change, non-current assets at March 31, 2020 has been restated to conform to the current and previous fiscal year. The amount of "Thailand" included in "All Other" in the previous fiscal year was 107,462 million yen.

There were no individual material customers with respect to revenues for the years ended March 31, 2021 and 2020.

7. RECEIVABLES AND RELATED ALLOWANCES

Credit risk

In recognizing and measuring the loss allowance, the companies categorize financial assets into three stages on the basis of existence of significant increase in the credit risk and credit impairment. However, for trade receivables recognized based on IFRS15 "Revenue from Contracts with Customers" and contract assets, the loss allowance is measured at an amount equal to the lifetime expected credit loss without assessing whether the credit risk on a financial asset has increased significantly since initial recognition.

Stage1: Financial instruments for which the credit risk has not increased significantly since initial recognition.

Stage2: Financial instruments for which the credit risk has increased significantly since initial recognition, but no credit impairment is indicated.

Stage3: Credit-impaired financial assets

As for credit risk management, please refer to NOTE8 *"DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS"*.

Changes in loss allowance

The analysis of the changes in loss allowance is as follows

Millions of Yen

Year ended March 31, 2021:	Trade and other receivables				Other financial assets			Total
	Stage1 Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances is always measured at an amount equal to lifetime expected credit losses	Stage2 Financial assets for which the related credit risk has increased significantly since initial recognition	Stage3 Credit-impaired financial assets	Stage1 Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Stage2 Financial assets for which the related credit risk has increased significantly since initial recognition	Stage3 Credit-impaired financial assets	
Balance as at April 1, 2020	6,991	4,222	481	21,513	1,217	1,655	27,874	63,953
Change during the year (Recognition and derecognition)	250	2,830	306	3,131	(314)	1,759	34,508	42,470
Decrease during the year (charge-offs)	(194)	(84)	(257)	(77)	-	-	-	(612)
Others (*)	1,256	(225)	260	750	(387)	34	(24,298)	(22,610)
Balance as at March 31, 2021	8,303	6,743	790	25,317	516	3,448	38,084	83,201

* "Others" principally includes the effect of the sale of Caserones copper mine business.

** In addition to those shown in the table above, Recognition and balance of provision for financial assets that are purchased or originated credit-impaired for the year ended March 31, 2021 were ¥26,478 million and ¥38,423 million respectively.

For the year ended March 31, 2021, Mitsui & Co., Ltd. and its subsidiary, Mitsui Bussan Copper Investment & Co., Ltd., in Mineral & Metal Resources segment which invest and lend to Caserones copper mine business, recognized a loss of ¥7,215 million, with the conclusion and the completion of the basic agreement to sell the entire interest as a part of reorganization and reconstructing of asset portfolio. In the Consolidated Statements of Income, a loss allowance for the related lending and others is recorded for ¥8,308 million in "Selling, general and administrative expenses" and a loss for the related investments accounted for using the equity method is recorded for ¥888 million in "Gain (loss) on securities and other investments-net", and the profit of the realized foreign currency

translation adjustment on disposal of foreign operations and others is recorded for ¥1,981 million in "Gain (loss) on securities and other investments-net", respectively.
In addition, the passenger rail franchise business in the UK in the Machinery & Infrastructure Segment, which is invested and financed by the Company and its equity method investee, has been in continuous discussions regarding early termination of the franchise agreements due to the effect of the COVID-19 pandemic, and finally has received the final valuation of termination payments by the UK Department for Transport ("DfT"). The Company recognized a loss to the carrying amount for investments, loans, future loan contribution obligations of ¥11,013 million as a loss allowance for doubtful debt, a provision for loss on guarantees, an impairment loss included in share of profit (loss) of investments accounted for using the equity method and additional losses included in share of profit (loss) of investments accounted for using the equity method for future loan contribution obligations, based on the final valuation of termination payments presented by the DfT and the status of discussions to date. In the Consolidated Statements of Income, a loss allowance for doubtful debt is recorded for ¥4,902 million in "Selling, general and administrative expenses," a provision for loss on guarantees is recorded for ¥1,457 million in "Other income (expense)-net," an impairment loss and additional losses included in share of profit (loss) of investments accounted for using the equity method is recorded for ¥4,654 million in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method", respectively.

Millions of Yen

Year ended March 31, 2020:	Trade and other receivables				Other financial assets			Total
	Stage1 Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances is always measured at an amount equal to lifetime expected credit losses	Stage2 Financial assets for which the related credit risk has increased significantly since initial recognition	Stage3 Credit-impaired financial assets	Stage1 Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Stage2 Financial assets for which the related credit risk has increased significantly since initial recognition	Stage3 Credit-impaired financial assets	
Balance as at April 1, 2019	5,817	7,155	698	26,855	1,709	876	19,211	62,321
Change during the year (Recognition and derecognition)	1,631	(3,422)	(41)	2,266	(212)	1,337	3,174	4,733
Decrease during the year (charge-offs)	(10)	(38)	(14)	(328)	(20)	-	(1,270)	(1,680)
Others (*)	(447)	527	(162)	(7,280)	(260)	(558)	6,759	(1,421)
Balance as at March 31, 2020	6,991	4,222	481	21,513	1,217	1,655	27,874	63,953

* "Others" principally includes the effect of changes in foreign exchange rates.
** Provision related to Multigrain Business in the process of liquidation is not included.
*** In addition to those shown in the table above, Recognition and balance of provision for financial assets that are purchased or originated credit-impaired for the year ended March 31, 2020 were ¥12,224 million and ¥12,558 million respectively.

Financial assets for which loss allowance is recognized

The carrying amount (before deducting loss allowance for expected credit losses) of the financial assets for which loss allowance is recognized is as follows.

Millions of Yen

Year ended March 31,2021:	Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances is always measured at an amount equal to lifetime expected credit losses	Financial assets for which the related credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Trade and other receivables	495,129	1,339,882	5,381	44,338	1,884,730
Other financial assets	507,515	-	48,489	84,706	640,710
Total	1,002,644	1,339,882	53,870	129,044	2,525,440

Millions of Yen

Year ended March 31,2020:	Financial assets for which the related loss allowance is measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances is always measured at an amount equal to lifetime expected credit losses	Financial assets for which the related credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Trade and other receivables	424,620	1,223,073	3,433	39,251	1,690,377
Other financial assets	477,243	-	48,277	65,189	590,709
Total	901,863	1,223,073	51,710	104,440	2,281,086

In addition to those shown in the table above, financial assets that are purchased or originated credit-impaired as of March 31, 2021 and 2020 were ¥39,182 million and ¥36,656 million, respectively.

The financial assets' carrying amount stated on the consolidated financial statements represent the maximum exposure.

There is no financial asset that was written off during the reporting period that is still subject to enforcement activity.

Credit enhancement

In estimating the loss allowance, the amount of obtained collateral such as properties, mortgages, securities, commercial goods, etc., is deducted as credit enhancement from the amount of the financial assets for which the loss allowance is recognized.

The following table shows the status of credit enhancement on credit-impaired financial assets.

	Credit enhancements related to the credit-impaired financial assets	
	Millions of Yen	
	Year ended March 31	
	2021	2020
Trade and other receivables	3,903	5,053
Other financial assets	147	58
Total	4,050	5,111

8. DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS

(1) Trade and other receivables, and other financial assets

Trade and other receivables, and other financial assets as of March 31, 2021 and 2020 were measured at amortized cost and FVTPL, except for derivative assets, and consisted of the following:

	Millions of Yen	
	2021	**2020**
Current		
Trade and other receivables		
Accounts and notes	¥ 1,640,818	¥ 1,494,438
Lease receivables	7,580	10,602
Loans	185,838	133,154
Other financial assets		
Time deposits	38,503	5,053
Accounts receivable-other	102,684	88,481
Derivative assets	163,903	381,227
Other	124,896	88,138
Loss allowances	¥ (22,246)	¥ (15,693)
Total	¥ 2,241,976	¥ 2,185,400
Non-current		
Trade and other receivables		
Accounts and notes	¥ 25,974	¥ 65,494
Lease receivables	46,773	49,320
Loans	332,583	368,427
Other financial assets		
Time deposits	1,676	871
Accounts receivable-other	21,956	22,523
Derivative assets	82,874	120,424
Other	35,342	42,192
Loss allowances	¥ (99,378)	¥ (60,818)
Total	¥ 447,800	¥ 608,433

Note: "Non-current Loans" includes a loan to equity method investee/associate whose interest payment is based on its borrower's performance. It is measured at FVTPL, whose carrying amount is on Note 24.
Receivable from accounted equity investees included in trade and other receivables carried at ¥205,202 million and ¥253,511 million at March 31, 2021 and 2020, respectively.

(2) Other investments

The carrying amounts of other investments as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Other investments		
Financial assets measured at FVTPL	¥ 123,555	¥ 130,504
Financial assets measured at FVTOCI	1,789,287	1,316,813
Amortized cost	42,765	37,105
Total	¥ 1,955,607	¥ 1,484,422

Note: Preferred stock issued by equity method investees, which was included in financial assets measured at FVTOCI as of March 31, 2021 and 2020, were ¥43,532 million and ¥46,004 million, respectively.

Financial assets measured at FVTOCI which were included in other investments

The fair value of financial assets measured at FVTOCI as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Marketable	¥ 1,080,121	¥ 645,455
Non-marketable	709,166	671,358
Total	¥ 1,789,287	¥ 1,316,813

The fair value of major items of these marketable financial assets measured at FVTOCI as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
VALE S.A.	¥ 537,791	¥ 259,325
Seven & i Holdings Co., Ltd.	72,800	58,296
Recruit Holdings Co., Ltd.	64,812	33,552
Sims Ltd.	41,877	13,508
GOLDWIN INC.	30,922	26,292
MODEC, INC.	18,980	10,962
YAMATO KOGYO CO., LTD.	15,022	8,478
TOYOTA MOTOR CORPORATION	12,924	9,752
Mitsui Chemicals, Inc.	12,145	7,126
INPEX CORPORATION	11,818	15,649
Yamaha Motor Co., Ltd.	11,638	7,126
KATO SANGYO CO., LTD	11,272	10,736
TORAY INDUSTRIES, INC.	9,815	6,461
TBS HOLDINGS, INC.	9,314	6,449
J-OIL MILLS, INC.	8,381	9,599
Nihon Unisys, Ltd.	8,349	7,084
Mitsui Fudosan Co., Ltd.	7,541	5,612
Sumitomo Metal Mining Co., Ltd.	6,949	3,225
TOYO ENGINEERING CORPORATION	6,846	2,836
NIPPN CORPORATION	5,549	5,650

Non-marketable financial assets measured at FVTOCI were mainly composed of investments in six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) and mineral & metal resources projects, including the Jimblebar iron ore project.

The fair value of investments in the six LNG projects as of March 31, 2021 and 2020 were ¥315,653 million and ¥316,529 million, respectively.

The fair value of the main investments in the mineral & metal resources projects, including the Jimblebar iron ore project, as of March 31, 2021 and 2020 were ¥127,090 million and ¥100,447 million, respectively.

Derecognized financial assets measured at FVTOCI

The fair value, gains and losses, and dividends income related to financial assets measured at FVTOCI which were derecognized because of review of business strategy as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Fair value of the financial assets at the date of derecognition	¥ 31,417	¥ 91,196
Cumulative gains and losses on disposition	¥ 13,608	¥ 63,151
Dividends received from derecognized financial assets	¥ 2,422	¥ 1,451

With respect to financial assets measured at FVTOCI, gains and losses on disposition recorded as other components of equity and its related non-controlling interests (after income tax effect) at the date of derecognition were transferred to retained earnings.
The amounts transferred were ¥8,772 million and ¥45,320 million for the years ended March 31, 2021 and 2020, respectively.

(3) Gain (loss) on securities and other investments-net

Gain (loss) on securities and other investments-net for the years ended March 31, 2021 and 2020 resulted from disposal of investment in subsidiaries and associated companies and others.
Gains (losses) related to financial assets measured at FVTPL (except for debt instruments) for the year ended March 31, 2021 and 2020 were ¥35,731 million and ¥(10,600) million , respectively included in “Revenue” in the Consolidated Statements of Income.

(4) Finance income and costs

The finance income and finance costs for the years ended March 31, 2021 and 2020 that the companies recognized were as follows:

	Millions of Yen	
	2021	**2020**
Interest income		
Amortized cost	¥ 21,808	¥ 45,081
Derivatives	(1,931)	(3,708)
Total	¥ 19,877	¥ 41,373
Dividend income		
Financial assets measured at FVTOCI	¥ 103,655	¥ 96,526
Interest expense		
Amortized cost	¥ (57,247)	¥ (94,330)
Derivatives	5,299	4,692
Total	¥ (51,948)	¥ (89,638)

In addition to those shown in the table above, interest income of ¥37,797 million and ¥37,273 million on financial assets measured at amortized cost were included in “Revenue” and interest expenses of ¥10,557 million and ¥10,453 million on financial liabilities measured at amortized cost were included in “Cost” for the years ended March 31, 2021 and 2020, respectively, mainly related to the retail finance business.
Fee income and expenses arising from financial assets measured at amortized cost are immaterial.

(5) Fair value of non-current financial assets and liabilities

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximate their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.
The fair values of non-current financial instruments as of March 31, 2021 and 2020 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate their fair values.

	Millions of Yen			
	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost……………………………	¥ 42,765	¥ 43,603	¥ 37,105	¥ 37,553
Non-current receivables				
Trade and other receivables and other financial assets (*)…………	¥ 447,800	¥ 447,800	¥ 608,433	¥ 608,433
Non-current liabilities				
Long-term debt, less current portion and other financial liabilities (*) …………………………………………………………	¥ 4,111,842	¥ 4,160,354	¥ 4,334,497	¥ 4,399,197

(*) The fair values of other financial assets and other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debt includes borrowings and bonds payable. Fair values of trade and other receivables classified as Level 3 were ¥181,345 million and ¥235,039 million as of March 31, 2021 and 2020, respectively. Their valuation is based on significant unobservable inputs such as credit spreads, default probabilities, and estimated loss rates on individual receivables using the discounted cash flow method. Items other than said loans and certain other items are classified as Level 2 as their fair values are measured using the discounted cash flow method based on observable inputs including market interest rates.

(6) Risk-related matters

Capital management
The Company decides the policies to maintain appropriate levels of shareholders' equity, debt and equity balances. It examines the status of execution in terms of stability for capital efficiency as well as financing when the Company acquires high-quality assets to improve enterprise value and utilize existing assets. Shareholders' equity is the total equity attributable to owners of the parent in the Consolidated Statements of Financial Position. The Company also examines the appropriateness of scale of shareholders' equity in terms of it being a risk buffer to maximum exposure to potential losses that could result from a deterioration in the companies' respective businesses.
The key metrics used for capital management are as follows:
・ Return on equity (ROE) (*)
・ Net Debt-to-Equity Ratio (Net DER) (**)
・ Ratio of risk adjusted assets to shareholder's equity (***)

(*) ROE refers to the ratio of profit for the year attributable to the owners of the parent to shareholders' equity. ROEs as of March 31, 2021 and 2020 were 8.0% and 9.7%, respectively.

(**) Net DER refers to the ratio of net interest bearing debt to shareholders' equity. Net interest bearing debt is calculated by subtracting cash and cash equivalents and time deposits from interest bearing debt. Interest bearing debt comprises long-term and short-term debt and excludes lease liabilities. Net DERs by this method as of March 31, 2021 and 2020 were 0.72 times and 0.91 times, respectively.

(***) Risk-adjusted assets refers to the maximum loss exposure and is calculated by multiplying assets including trade and other receivables, other investments and fixed assets by risk weights, which the companies have determined individually based on the potential risk of loss.

The Company considers these indicators periodically, and they are used for developing business policy and business judgment.
The Company maintains a robust financial foundation and credit rating, which is sufficient for business projects. The Company strives to maintain and upgrade its credit rating through the above capital management.
The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Companies Act of Japan).

Risk management

・ Credit risk

With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the Company. If the credit ratings of the Company are downgraded, the counterparty will require additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.
The companies minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit rations. Therefore, the companies believe that a significant loss arising from these transactions is extremely unlikely.
As for credit risks of financial instruments other than derivative instruments, the companies manage credit risks through the management of commitment lines of credit approved by an appropriate person with authority and through monitoring past-due status of credit. This management is basically consistent with the stage classification in Note 7 ”RECEIVABLES AND RELATED ALLOWANCES” and especially financial instruments classified to Stage3 are focused on monitoring. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.
Concentration of credit risk is minimized as the companies carry out a wide variety of transactions with various customers all over the world and monitor regularly whether the exposure for specific regions or customers is kept in a certain range.

・ Liquidity risk

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lender or investment policies of the lenders or institutional investors could result in constraints on the fund procurement and an increase in funding costs, and could have an adverse effect on the financial position and liquidity.
The companies secure the liquidity required for our smooth operations and maintain the strength and soundness of the balance sheet by holding sufficient cash and cash equivalents, procuring mainly long-term funds, maintaining lines of credit with banks and commercial paper programs, obtaining commitment lines, utilizing financing programs provided by government financing agencies and/or project financing, utilizing the internal Cash Management Service, in which the companies can procure financing from financing subsidiaries and overseas offices of the Company, and such so that the companies decrease liquidity risk.
The amount of cash and cash equivalents to be hold is closely monitored for securing the liquidity. The companies' liquidity management policy is to satisfy liquidity requirements for the repayment of the debts, comparing the amount of cash and cash equivalents with the maturity profile and the amount of outstanding short-term and long-term debts.
The amounts of outstanding balances as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Cash and cash equivalents	¥ 1,063,150	¥ 1,058,733
Short-term debt	300,485	297,458
Current portion of long-term debt	450,941	399,904
Long-term debt, less current portion	3,995,311	4,229,218

・ Market risks

The companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of the Company's operating and other activities.
The companies have formulated market risk management policies and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining the approval of our executive

officers in charge of risk management and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge. Regarding interest rate risks, the environment surrounding financial markets, the Company’s ratio of assets and liabilities, and the risks of interest rate fluctuations are regularly reported to the executive officers, by whom the risk management policies for interest rate were approved. Stock price risk is managed by analyzing factors of stock price fluctuations.

1) Interest rate risk

The companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect the operating results. The companies have entered into interest rate derivative transactions, which consist mainly of interest rate swap agreements, and interest rate and currency swap agreements, to hedge exposures of certain assets and liabilities.
The impacts on profit before income taxes for the years ended March 31, 2021 and 2020, assuming a 100 basis point rise in interest rates as of March 31, 2021 and 2020, were ¥(26,501) million and ¥(28,518) million, respectively. These are calculated by multiplying the balance of floating-rate financial instruments held by the companies as of March 31, 2021 and 2020, by 100 basis points without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant.
The items that are considered to be instruments affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, deposits and other instruments.

2) Foreign currency exchange rate risk

The companies are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. The companies hedge these risks with forward exchange contracts and currency swaps.
For significant long and short net positions denominated in foreign currencies as of March 31, 2021 and 2020, assuming a 1% appreciation of the Yen, the impacts on profit before income taxes would have been ¥(324) million from USD, ¥(28) million from BRL and ¥(120) million from AUD as of March 31, 2021 and ¥286 million from USD, ¥(29) million from BRL and ¥23 million from AUD as of March 31, 2020. Based on the same assumption, the impacts on other comprehensive income would be ¥(450) million from USD, ¥(5,387) million from BRL and ¥(185) million from AUD as of March 31, 2021 and ¥(310) million from USD, ¥(2,593) million from BRL and ¥(33) million from AUD as of March 31, 2020. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of the functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to a decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to an increase in the value of the currency. Foreign currency translation adjustments are not included in the scope of this analysis. In addition, this analysis assumes that all other variables are constant.

3) Commodity price risk

As the companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks associated with commodity prices.
The companies measure the risk of market commodities for which historical price fluctuations have been relatively significant along with actively traded derivatives by using Value at Risk (VaR), which is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidential level. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99 percentile. In addition, the figures do not necessarily take into account correlations between all commodities. VaRs as of March 31, 2021 and 2020 were ¥32,648 million and ¥15,610 million, respectively. The actual results may differ significantly from VaR above as VaR is calculated by using historical fluctuations of each risk component.

4) Stock price risk

The companies invest in listed companies to strengthen ties with customers, suppliers and others, as well as to make various types of propositions to the companies in which the companies invest, to pursue operating revenue. These investments are exposed to stock price risks.
For investments held as of March 31, 2021 and 2020, the impacts on other comprehensive income arising from changes in the fair values assuming a 10% change in the stock index representative of the markets on which the individual stocks are traded were ¥98,167 million and ¥64,764 million, respectively. The impact on profit before taxes is immaterial.

(7) Derivative instruments and hedging accounting

The risk management policies for each risk category of risk exposure for which hedge accounting is applied are provided in Note 8 "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters". Regarding foreign currency exchange rate risks and commodity price risks, the companies manage the risk exposure based on limits to positions and losses set by each business unit. Regarding interest rate risks, the companies manage the risk exposure based on approved policies considering factors such as financial market, asset and debt balances and the risk of interest rate fluctuations.

Foreign currency exchange rate risk

The companies use derivative instruments, such as foreign exchange forward contracts and currency swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency, and long-term financing transactions as part of the companies' global operations in many countries. The companies also use foreign-currency-denominated debt in order to mainly hedge the foreign currency exposure in the net investment in foreign operations.

Interest rate risk

The companies use derivatives, such as interest rate swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and offset the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Interest rate benchmark reform

・Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) including London Interbank Offered Rate (referred to as 'LIBOR') with alternative nearly risk-free rates (referred to as 'IBOR reform'). On March 5, 2021, ICE Benchmark Administration, which is LIBOR's administrator, has announced that it intends to cease the publication of LIBOR based on the current methodology referencing rates provided by panel banks immediately after the end of December 2021 except for certain US dollar LIBOR settings, and the publication of remaining US dollar LIBOR settings is ceased after the end of June 2023. The companies have exposure to LIBOR on its financial instruments and are preparing for the cessation of LIBOR.

・Hedge accounting

The companies have evaluated the extent to which its hedging relationships are subject to uncertainty driven by IBOR reform as at March 31, 2021. The significant interest rate benchmarks to which the companies' hedging relationships are exposed are mainly Japanese yen LIBOR and US dollar LIBOR. These benchmark rates are quoted each day and the LIBOR cash flows are exchanged with counterparties as usual. However, some of the companies' hedging relationships extend beyond the cessation date for LIBOR and there is uncertainty about the timing and the amount of cash flows with respect to the relevant hedged items and hedging instruments. If such uncertainty impacts the hedging relationship, the companies assume that the benchmark interest rate is not altered as a result of IBOR reform. The companies cease to assume that the benchmark interest rate is not altered as a result of IBOR reform when the uncertainty arising from IBOR reform is no longer present, and the companies amend a hedge designation and continue the hedge accounting. The companies judge that the uncertainty arising from IBOR reform is eliminated when the replacement date of an alternative benchmark rate is fixed with the alternative benchmark rate and the relevant spread adjustment.

The financial instruments as of March 31, 2021, which maturity dates are beyond the cessation date of LIBOR, were as follows. Non-derivative financial assets include loans (deducting loss allowance for expected credit losses), non-derivative financial liabilities include borrowings and bonds, and derivatives include interest rate swaps and cross-currency swaps.

Non-derivative financial assets and non-derivative financial liabilities

	Carrying amount (Billions of Yen)		
	Uncertainty arising from IBOR reform remain (*1)	Uncertainty arising from IBOR reform eliminated	Total
Non-derivative financial assets	32	-	32
Non-derivative financial liabilities	1,754	-	1,754

Derivatives

Hedge accounting	Nominal amount (Billions of Yen)		
	Uncertainty arising from IBOR reform remain (*1)	Uncertainty arising from IBOR reform eliminated (*2)	Total
Not applicable	387	3	390
Designated in fair value hedge which hedged item was long-term financial liabilities with fixed interest rate	769	20	789
Designated in cash flow hedge which hedged item was long-term financial liabilities with floating interest rate	171	22	193
Total	1,327	45	1,372

(*1) Plan to take necessary measures following the timeline set by the transition committees including Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks, and the relevant organizations by each currency
(*2) Transition by ISDA IBOR Fallbacks Supplement

The companies also have financial instruments referencing interest rate benchmarks other than LIBOR. As of this moment, the companies expect that they will continue to exist as a benchmark rate for the foreseeable future and judge that they are not affected by the uncertainty arising from IBOR reform.

Commodity price risk

The companies use derivative instruments, such as swap contracts, as hedging instruments for hedge accounting to fix the expected future cash flows from forecasted transactions in marketable commodities.

When applying hedge accounting to address the above risk, the companies confirm that there are economic relationships between the hedged items and the hedging instruments through qualitative and quantitative assessments. Qualitative assessments show whether the critical terms of hedging instruments and hedged items match exactly or are closely aligned. Quantitative assessments show fluctuations of value of hedged item and hedging instrument with the same risk offset each other.
Each hedge ratio is determined properly based on an economic relationship between the hedged item and the hedging instrument and the risk management strategy. Expected hedge ineffectiveness including the cases caused by credit risk is immaterial. The decrease in a net investment could cause hedge ineffectiveness in the risk from the foreign currency exchange rate of a net investment in a foreign operation, but the companies manage the risk from the foreign currency exchange rate in order to minimize such hedge ineffectiveness.
In the case the companies designate a specific risk component, which is decided based on the risk management strategies for each risk category as a hedged item, the risk component is separately identifiable from the hedged item in its entirety for all risks, and changes in the cash flows or the fair value attributable to the change in the risk component is measured with reliability.

The nominal amounts of the hedging instruments as of March 31, 2021 and 2020 were as follows:

	Billions of Yen					
	March 31, 2021			March 31, 2020		
Risk category	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	¥ 68	¥ 294	¥ 1,481	¥ 72	¥ 324	¥ 1,445
Interest rate	810	353	-	701	415	-
Commodity price	0	108	-	1	71	-
Total nominal amounts	¥ 878	¥ 755	¥ 1,481	¥ 774	¥ 810	¥ 1,445

The effects of hedge accounting on Consolidated Statements of Financial Position

The following tables present the carrying amount of hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2021 and 2020:

		Millions of Yen					
		March 31, 2021			March 31, 2020		
Risk category	Line Item in the Consolidated Statements of Financial Position	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Other financial assets - Current	¥ 207	¥ 3,571	¥ 743	¥ 221	¥ 5,468	¥ 2,758
	Other financial assets - Non-current	-	4,035	154	-	3,275	12,337
Interest rate	Other financial assets - Current	37	13	-	14	37	-
	Other financial assets - Non-current	52,657	903	-	65,938	-	-
Commodity price	Other financial assets - Current	318	4,419	-	118	13,525	-
	Other financial assets - Non-current	-	-	-	-	262	-
Total		¥ 53,219	¥ 12,941	¥ 897	¥ 66,291	¥ 22,567	¥ 15,095

		Millions of Yen					
		March 31, 2021			March 31, 2020		
Risk category	Line Item in the Consolidated Statements of Financial Position	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Current portion of long-term debt	¥ 3,662	¥ -	¥ 227,354	¥ 7,143	¥ -	¥ 193,230
	Other financial liabilities - Current	199	1,352	22,048	28	2,777	9,136
	Long-term debt, less current position	27,430	-	719,254	32,869	-	804,787
	Other financial liabilities - Non-current	260	1,049	11,343	-	1,268	878
Interest rate	Other financial liabilities - Current	-	1,676	-	-	1,468	-
	Other financial liabilities - Non-current	2,584	6,094	-	112	13,632	-
Commodity price	Other financial liabilities - Current	-	7,787	-	-	8,426	-
	Other financial liabilities - Non-current	-	20	-	-	-	-
Total		¥ 34,135	¥ 17,978	¥ 979,999	¥ 40,152	¥ 27,571	¥ 1,008,031

Fair value hedge

The following table presents the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position as of March 31, 2021 and 2020, and the accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position:

		Millions of Yen			
		March 31, 2021		**March 31, 2020**	
Risk Category	Line Item in the Consolidated Statements of Financial Position	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items
Foreign currency exchange rate	Other investments	¥ 141,001	¥ 1,162	¥ 163,703	¥ (1,949)
	Current portion of long-term debt	-	-	-	-
Interest rate	Current portion of long-term debt	9,040	40	3,015	15
	Long-term debt, less current position	851,225	50,071	778,313	85,728

The accumulated amounts of fair value hedge adjustments remaining in the Consolidated Statements of Financial Position as of March 31, 2021 and 2020 for any hedged items that have ceased to be adjusted for hedging gains and losses were immaterial.

Cash flow hedge

The following table presents the balance in the cash flow hedges which were recognized by applying the hedge accounting to reduce the risk of volatility of cash flow as of March 31, 2021 and 2020.

	Millions of Yen	
	Balance in the cash flow hedges which were recognized by applying the hedge accounting	
Risk category	**March 31, 2021**	**March 31, 2020**
Foreign currency exchange rate..	¥ 2,854	¥ 1,489
Interest rate..	(5,648)	(10,446)
Commodity price..	(3,721)	1,501

The balance in the cash flow hedges from any hedging relationships for which hedge accounting is no longer applied as of March 31, 2021 and 2020 were immaterial.

Hedges of net investments in foreign operations

The following table presents the balance in the foreign currency translation adjustments which were recognized by applying the hedge accounting to reduce the foreign currency exposure in the net investment in foreign operations as of March 31, 2021 and 2020.

		Millions of Yen	
		Balance in the foreign currency translation adjustments which were recognized by applying the hedge accounting	
Risk category	The situation of hedge accounting	**March 31, 2021**	**March 31, 2020**
Foreign currency exchange rate …	Continuing hedges	¥ (43,498)	¥ (57,002)
	Hedging relationships for which hedge accounting is no longer applied	(57,469)	(40,190)
Total …………		¥ (100,967)	¥ (97,192)

The effects of hedge accounting on the Consolidated Statements of Income and Comprehensive Income

Fair value hedge

The following table presents the change in value of the hedged items and fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the years ended March 31, 2021 and 2020.

	Millions of Yen			
	2021		**2020**	
Risk category	Change in value of hedged items	Change in fair value of hedging instruments	Change in value of hedged items	Change in fair value of hedging instruments
Foreign currency exchange rate	¥ 3,528	¥ (3,337)	¥ (1,987)	¥ 2,017
Interest rate	8,343	(8,343)	(7,521)	7,521

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the years ended March 31, 2021 and 2020 were immaterial:
- Hedge ineffectiveness recognized in profit for the year.

Cash flow hedge

The following table presents the change in the fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness and the amount which was recognized as the cash flow hedges by applying the hedge accounting for the years ended March 31, 2021 and 2020. The change in value of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

	Millions of Yen			
	2021			
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the cash flow hedges by applying the hedge accounting	Account which was mainly reclassified from the cash flow hedges	Amount which was reclassified from the cash flow hedges
Foreign currency exchange rate..................	¥ 780	¥ 780	Other income (expense)-net	¥ 1,189
Interest rate..	5,137	5,148	Interest expense	(2,704)
Commodity price.......................................	(8,408)	(8,355)	Cost	(980)

	Millions of Yen			
	2020			
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the cash flow hedges by applying the hedge accounting	Account which was mainly reclassified from the cash flow hedges	Amount which was reclassified from the cash flow hedges
Foreign currency exchange rate..................	¥ 2,382	¥ 2,388	Other income (expense)-net	¥ 586
Interest rate..	(16,559)	(16,548)	Interest expense	(592)
Commodity price.......................................	2,826	1,967	Cost	(845)

The amounts of hedge ineffectiveness which were recognized in profit for the year for the years ended March 31, 2021 and 2020 were immaterial.

Hedges of net investments in foreign operations

The following table presents the change in the fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness and the amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting for the years ended March 31, 2021 and 2020. The changes in values of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

	Millions of Yen			
	2021			
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting	Account which was mainly reclassified from the foreign currency translation adjustments	Amount which was reclassified from the foreign currency translation adjustments
Foreign currency exchange rate	¥ (48,944)	¥ (46,262)	Gain (loss) on securities and other investments-net	¥ 2,372

	Millions of Yen			
	2020			
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting	Account which was mainly reclassified from the foreign currency translation adjustments	Amount which was reclassified from the foreign currency translation adjustments
Foreign currency exchange rate	¥ 38,705	¥ 39,549	Gain (loss) on securities and other investments-net	¥ 593

The amounts of hedge ineffectiveness which were recognized in profit for the year for the years ended March 31, 2021 and 2020 were immaterial.

(8) Offset of financial assets and liabilities

A financial asset and a financial liability including collateral are offset and the net amount is presented in the Consolidated Statements of Financial Position of the Company when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the gross amounts of recognized financial assets and liabilities, amounts of offset, net amounts, amounts not offset despite the existence of a master netting agreement, and exposure on a net basis of derivative assets, derivative liabilities and collateral as of March 31, 2021 and 2020. These amounts of financial assets and liabilities except derivative assets, derivative liabilities and collateral as of March 31, 2021 and 2020 were immaterial.

March 31, 2021:	Millions of Yen	
	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	¥ 1,322,384	¥ 1,231,513
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(970,573)	(970,573)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	351,811	260,940
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(65,068)	(65,068)
Exposure on a net basis	¥ 286,743	¥ 195,872

March 31, 2020:	Millions of Yen	
	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	¥ 1,751,149	¥ 1,599,663
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(1,190,410)	(1,190,410)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	560,739	409,253
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(96,425)	(96,425)
Exposure on a net basis	¥ 464,314	¥ 312,828

Financial assets are included in Other financial assets of Current and Non-current assets, and financial liabilities are included in Other financial liabilities of Current and Non-current liabilities in the Consolidated Statements of Financial Position.

The companies normally have the rights to set off which are enforceable only in the event of default, insolvency or bankruptcy of its customers in relation to its recognized financial assets and liabilities where the requirements to set off are not met.

9. LEASES

Lessor

The companies lease real estate, aircraft, ocean transport vessels, rolling stock, equipment and others.
Certain leases of rolling stock, equipment and others are classified as finance leases, and the net investments are included as part of trade and other receivables in the Consolidated Statements of Financial Position.
Other leases are classified as operating leases and the related assets are presented as "Property, plant and equipment" or "Investment property" in the Consolidated Statements of Financial Position.

The following is "Property, plant and equipment" provided for operating leases as of March 31, 2021 and 2020.

	Millions of Yen 2021	Millions of Yen 2020
Land and buildings	¥ 160,399	¥ 147,600
Equipment and fixtures	79,978	85,348
Vessels and aircrafts	89,846	95,298
Total	¥ 330,223	¥ 328,246

Consolidated statements of income include lease revenues from operating lease of ¥69,996 million for the year ended March 31, 2020, and ¥64,864 million for the year ended March 31, 2021.

The following is a schedule of future minimum lease payments to be received from finance leases as well as the components of the present value as of March 31, 2021 and 2020.

	Millions of Yen			
	Gross investment in the lease	**Gross investment in the lease**	**The present value of future minimum lease payments to be received**	**The present value of future minimum lease payments to be received**
Year ended March 31:	**2021**	**2020**	**2021**	**2020**
Not later than 1 year ……………………………	¥ 8,653	¥ 11,314	¥ 7,580	¥ 10,602
Later than 1 year and not later than 2 years ……	8,227	7,981	6,562	6,280
Later than 2 years and not later than 3 years ……	7,168	7,296	5,717	5,738
Later than 3 years and not later than 4 years ……	6,390	6,474	5,096	5,090
Later than 4 years and not later than 5 years ……	5,850	5,708	4,665	4,486
Later than 5 years ………………………………	31,007	35,203	24,733	27,726
Total …………………………………………	¥ 67,295	¥ 73,976	¥ 54,353	¥ 59,922
Unearned income ………………………………	(12,942)	(14,054)		
The present value of future minimum lease payments to be received…………………………	¥ 54,353	¥ 59,922		

The following is a schedule of future minimum lease payments to be received from operating leases as of March 31, 2021 and 2020.

	Millions of Yen	Millions of Yen
Year ended March 31:	2021	2020
Not later than 1 year	¥ 47,436	¥ 44,052
Later than 1 year and not later than 2 years	29,204	29,893
Later than 2 years and not later than 3 years	24,402	21,700
Later than 3 years and not later than 4 years	19,377	18,026
Later than 4 years and not later than 5 years	14,085	13,297
Later than 5 years	26,977	47,050
Total	¥ 161,481	¥ 174,018

Lessee

The companies lease real estate, equipment, ocean transport vessels and others.
The consolidated statement of financial position includes the following amounts in relation to leases. Right-of -use assets are included in the item "Property, plant and equipment" in the consolidated statement of financial position.

The amounts of right-of use assets in the consolidated statements of financial position

Year ended March 31:	Millions of Yen 2021	Millions of Yen 2020
Land and buildings	¥ 88,742	¥ 108,641
Equipment and fixtures	19,309	28,663
Vessels and aircrafts	167,567	185,314
Others	593	13
Total	¥ 276,211	¥ 322,631

Additions to right-of-use assets for the year ended March 31, 2021 was ¥24,694 million and for the year ended March 31, 2020 was ¥84,586 million.

Maturity analysis of lease liability

	Millions of Yen			
	Future minimum lease payments		The present value of future minimum lease payments	
Year ended March 31:	2021	2020	2021	2020
Not later than 1 year	¥ 57,448	¥ 66,594	¥ 50,609	¥ 44,258
Later than 1 year and not later than 5 years	146,726	162,283	128,338	140,058
Later than 5 years	190,141	222,164	166,311	191,738
Total	¥ 394,315	¥ 451,041	¥ 345,258	¥ 376,054
Future financial cost	(49,057)	(74,987)		
The present value of future minimum lease payments	¥ 345,258	¥ 376,054		

The component of lease liability

Year ended March 31:	Millions of Yen 2021	Millions of Yen 2020
Lease liabilities current	¥ 50,609	¥ 44,258
Lease liabilities non-current	294,649	331,796
Total	¥ 345,258	¥ 376,054

The consolidated statements of income includes the following amounts related to leases.
Depreciation of right-of-use asset

Year ended March 31:	Millions of Yen 2021	Millions of Yen 2020
Land and buildings	¥ 19,419	¥ 28,569
Equipment and fixtures	10,101	6,504
Vessels and aircrafts	16,486	17,298
Others	113	21
Total	¥ 46,119	¥ 52,392

Total income from subleasing right-of-use assets for the year ended March 31, 2021 was ¥15,370 million and for the year ended March 31, 2020 was ¥9,053 million.
Total cash outflow from leases for the year ended March 31, 2021 was ¥67,726 million and for the year ended March 31, 2020 was ¥61,420 million.

10. INVENTORIES

Inventories as of March 31, 2021 and 2020 were comprised of the following:

	Millions of Yen	
	2021	2020
Commodities and finished goods	¥ 561,549	¥ 477,626
Property for sale	2,481	9,175
Raw materials, work in progress and others	51,125	67,060
Total	¥ 615,155	¥ 553,861

See Note 24, "FAIR VALUE MEASUREMENT" for the carrying amount of inventories measured at fair value less costs to sell.

11. PROPERTY, PLANT AND EQUIPMENT

The changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment for the years ended March 31, 2021 and 2020 were as follows:

[Acquisition cost]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2019	¥ 883,757	¥ 2,289,493	¥ 144,222	¥ 369,891	¥ 370,348	¥ 4,057,711
Additions	37,882	54,574	79,976	3,243	224,362	400,037
Disposals	(16,775)	(79,919)	(30,366)	(17,840)	(4,653)	(149,553)
Foreign currency translation	(47,961)	(120,137)	(2,995)	(18,352)	(13,309)	(202,754)
Others	195,706	328,198	140,008	1,499	(427,302)	238,109
Balance at March 31, 2020	¥ 1,052,609	¥ 2,472,209	¥ 330,845	¥ 338,441	¥ 149,446	¥ 4,343,550
Additions	48,643	38,260	2,818	43	122,599	212,363
Disposals	(25,513)	(36,159)	(12,386)	(627)	(1,416)	(76,101)
Foreign currency translation	67,397	172,763	1,715	26,620	19,844	288,339
Others	20,641	125,826	644	(15,083)	(115,269)	16,759
Balance at March 31, 2021	¥ 1,163,777	¥ 2,772,899	¥ 323,636	¥ 349,394	¥ 175,204	¥ 4,784,910

"Others" includes the effects of transfers from projects in progress to other property, plant and equipment and changes from a consolidated subsidiary to an equity accounted investee and from an equity accounted investee to a consolidated subsidiary. In addition, "Others" for the year ended March 31, 2020, also includes the right-of-use assets newly recognized at the date of initial application of IFRS 16 "Leases".

[Accumulated depreciation and impairment losses]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2019	¥ 315,472	¥ 1,609,080	¥ 40,669	¥ 143,095	¥ 4,014	¥ 2,112,330
Depreciation expenses ………	57,768	142,051	23,977	15,737	-	239,533
Disposals ……………………	(8,677)	(62,180)	(9,795)	(16,963)	(3,282)	(100,897)
Impairment losses ……………	10,676	58,076	1,570	7,773	801	78,896
Foreign currency translation …	(17,397)	(71,772)	(821)	(8,065)	(60)	(98,115)
Others ………………………	(9,184)	(3,661)	2,019	(393)	1,651	(9,568)
Balance at March 31, 2020	¥ 348,658	¥ 1,671,594	¥ 57,619	¥ 141,184	¥ 3,124	¥ 2,222,179
Depreciation expenses ………	53,677	157,205	23,471	17,311	-	251,664
Disposals ……………………	(14,296)	(28,086)	(9,324)	-	-	(51,706)
Impairment losses ……………	(3,719)	24,790	1,117	7,424	10,740	40,352
Foreign currency translation …	26,397	107,072	360	13,859	509	148,197
Others ………………………	831	572	70	(2,204)	(117)	(848)
Balance at March 31, 2021	¥ 411,548	¥ 1,933,147	¥ 73,313	¥ 177,574	¥ 14,256	¥ 2,609,838

[Carrying amount]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at March 31, 2020	¥ 703,951	¥ 800,615	¥ 273,226	¥ 197,257	¥ 146,322	¥ 2,121,371
Balance at March 31, 2021	¥ 752,229	¥ 839,752	¥ 250,323	¥ 171,820	¥ 160,948	¥ 2,175,072

Carrying amounts above include property, plant and equipment subject to operating leases, which primarily consist of land and buildings, vessels and aircrafts, and equipment and fixtures leased by consolidated subsidiaries. Amounts regarding property, plant and equipment subject to operating leases as lessor for the years ended March 31, 2021 and 2020 are provided in Note 9 "LEASES".

Impairment losses were recorded as "Impairment reversal (loss) of fixed assets - net" in the Consolidated Statements of Income. The breakdown of impairment losses of fixed assets for the years ended March 31, 2021 and 2020 by segment is as follows:

	Millions of Yen	
	2021	2020
Iron & Steel Products ………………………………………………	¥ (56)	¥ -
Mineral & Metal Resources ……………………………………………	(270)	(502)
Energy …………………………………………………………………	(33,528)	(65,085)
Machinery & Infrastructure ……………………………………………	(8,713)	(1,622)
Chemicals ………………………………………………………………	-	(22)
Lifestyle ………………………………………………………………	(1,882)	(11,487)
Innovation & Corporate Development …………………………………	4,098	(178)
All Other ………………………………………………………	(1)	-
Consolidated Total ……………………………………………………	¥ (40,352)	¥ (78,896)

For the year ended March 31, 2021, Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of ¥23,351 million in "Impairment reversal (loss) of fixed assets - net" in the Consolidated Statements of Income by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥158,206 million. Out of the impairment loss, the amount related to property, plant and equipment was ¥16,169 million, and the amount related to goodwill was ¥7,182 million. The impairment loss was mainly related to a decline in the crude oil price. The recoverable amount above represented the value in use calculated from the discounted future cash flow. The Company forecasts that Brent Crude price will be in a range of US$60/bbl to US$70/bbl, considering the recent market price, and based on several third parties' mid-long term forecasts. 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.

In addition, Mitsui Rail Capital Europe B.V., a subsidiary in the Machinery & Infrastructure Segment engaged in the locomotive leasing business in Europe, recognized an impairment loss of ¥9,300 million in "Impairment reversal (loss) of fixed assets - net" in the Consolidated Statements of Income by reducing the carrying amount of the locomotives, goodwill and others to the recoverable amount of ¥79,651 million. Out of the impairment loss, the amount related to property, plant and equipment was ¥5,138 million, and the amount related to goodwill and others was ¥4,162 million. The impairment loss was mainly related to a lower operating ratio of the locomotives for each locomotive type and region in which the locomotives run.
The recoverable amount of property, plant and equipment represented the value in use and the fair value less costs of disposal, and the recoverable amount of goodwill and others represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit. The fair value less costs of disposal is based on the reasonable price considering the recent sale cases of the asset being valued, and the fair value is classified as level 3.

For the year ended March 31, 2020, Mitsui E&P Australia Pty Ltd, a subsidiary in the Energy Segment engaged in the oil development of offshore Western Australia, recognized an impairment loss of ¥31,209 million in "Impairment reversal (loss) of fixed assets - net" by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥46,575 million. In addition, MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, recognized an impairment loss of ¥23,382 million in "Impairment reversal (loss) of fixed assets - net" by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥20,972 million. These impairment losses were mainly related to a decline in the crude oil and natural gas prices. The recoverable amounts above represented the value in use calculated from the discounted future cash flow. The Company forecasts that Brent Crude price will be in a range of US$30/bbl to US$80/bbl, considering the recent declined market price reflecting the impact of COVID-19 and the failure to reach agreement by OPEC Plus to cut oil production, and based on several third parties' mid-long term forecasts. 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.

In addition, XING AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥14,021 million in "Impairment reversal (loss) of fixed assets - net" in the Consolidated Statements of Income by reducing the carrying amount of the farmland and others to the recoverable amount of ¥49,974 million. Out of the impairment loss, the amount related to land and buildings was ¥9,277 million, and the amount related to investment properties was ¥4,744 million. The impairment loss was mainly related to a change in the foreign exchange rate. The recoverable amount above represented the fair value less costs of disposal, which is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the assets being valued, and the fair value is classified as level 3. The valuation is based on significant unobservable inputs such as transactions of nearby farmland using primarily the market approach.

12. INVESTMENT PROPERTY

The acquisition cost, accumulated depreciation and impairment losses, carrying amount and fair value of investment property for the years ended March 31, 2021 and 2020 were as follows.

[Acquisition cost and accumulated depreciation and impairment losses]

	Millions of Yen	
	Acquisition cost	Accumulated depreciation and impairment losses
Balance at April 1, 2019	¥ 240,288	¥ 37,186
Balance at March 31, 2020	¥ 305,914	¥ 54,076
Balance at March 31, 2021	¥ 330,403	¥ 55,556

[Carrying amount and fair value]

	Millions of Yen	
	Carrying amount	Fair value
Balance at March 31, 2020	¥ 251,838	¥ 489,049
Balance at March 31, 2021	¥ 274,847	¥ 540,199

The amounts of acquisitions for the year ended March 31, 2021 were ¥32,414 million.
The amounts of acquisitions for the year ended March 31, 2020 were ¥54,647 million, mainly due to an increase of ¥38,820 million for the integrated development project in the 2, Otemachi 1-Chome District.

Rental income from investment property was ¥14,423 million and direct operating expenses arising from investment property was ¥10,002 million for the year ended March 31, 2021.
The amounts for the year ended March 31, 2020 were immaterial.

The fair value of primary investment property as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers, who have recent experience in the locations and categories of the investment property being valued, and have the appropriate and recognized professional qualifications (such as registered appraiser), and is classified as Level 3. The valuation is based on significant unobservable inputs such as estimated rents and discount rates using primarily the income approach and conforms to the standards of the country where the investment property is located.

13. INTANGIBLE ASSETS

The changes in acquisition cost, accumulated amortization and impairment losses, and carrying amount of intangible assets for the years ended March 31, 2021 and 2020 were as follows:

[Acquisition cost]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2019	¥ 122,046	¥ 64,173	¥ 168,108	¥ 354,327
Additions	849	6,168	9,110	16,127
Disposals	-	(8,342)	(2,619)	(10,961)
Foreign currency translation	(4,109)	(1,108)	(24,978)	(30,195)
Others	(6,296)	7,628	67,920	69,252
Balance at March 31,2020	¥ 112,490	¥ 68,519	¥ 217,541	¥ 398,550
Additions	7,138	4,261	11,811	23,210
Disposals	-	(6,602)	(2,532)	(9,134)
Foreign currency translation	3,507	1,129	2,279	6,915
Others	(466)	4,078	(5,302)	(1,690)
Balance at March 31, 2021	¥ 122,669	¥ 71,385	¥ 223,797	¥ 417,851

Balance of Others in Acquisition cost at March 31, 2020 includes operating rights of ¥50,953 million in connection with the urban passenger rail business in Brazil. The significant components are an increase of ¥67,899 million in “Others” (due to the change from an equity accounted investee to a consolidated subsidiary) and a decrease of ¥19,001 million in "Foreign currency translation".

[Accumulated amortization and impairment losses]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2019	¥ 43,478	¥ 45,709	¥ 91,055	¥ 180,242
Amortization expense	-	6,943	8,973	15,916
Impairment losses	20,356	195	6,622	27,173
Disposals	-	(7,821)	(2,187)	(10,008)
Foreign currency translation	(1,128)	(802)	(4,370)	(6,300)
Others	(2,893)	3,080	(3,949)	(3,762)
Balance at March 31, 2020	¥ 59,813	¥ 47,304	¥ 96,144	¥ 203,261
Amortization expense	-	7,491	9,385	16,876
Impairment losses	11,760	363	598	12,721
Disposals	-	(6,067)	(1,556)	(7,623)
Foreign currency translation	1,564	934	3,035	5,533
Others	(452)	214	(1,234)	(1,472)
Balance at March 31, 2021	¥ 72,685	¥ 50,239	¥ 106,372	¥ 229,296

[Carrying amount]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at March 31, 2020	¥ 52,677	¥ 21,215	¥ 121,397	¥ 195,289
Balance at March 31, 2021	¥ 49,984	¥ 21,146	¥ 117,425	¥ 188,555

In connection with the urban passenger rail business in Brazil, balance of Others in Carrying amount at March 31, 2021 and 2020 includes operating rights of ¥40,620 million (the remaining amortization period is 28 years at March 31, 2021) and ¥44,479 million, respectively.

Amortization expense on intangible assets with finite estimated useful lives is mainly recognized in “Selling, general and administrative expenses” in the Consolidated Statements of Income.
Impairment losses and reversal of impairment losses on intangible assets are recognized in “Impairment reversal (loss) of fixed assets - net” in the Consolidated Statements of Income.

For the year ended March 31, 2021, information regarding impairment losses in a subsidiary in the Energy Segment and a subsidiary in the Machinery & Infrastructure Segment is provided in Note11 “PROPERTY, PLANT AND EQUIPMENT”.

For the year ended March 31, 2020, Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of goodwill of ¥13,939 million in “Impairment loss of fixed assets” by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥184,793 million. The impairment loss was mainly related to a decline in the crude oil price. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit. The oil price used in the calculation of the value in use is provided in Note11 “PROPERTY, PLANT AND EQUIPMENT”.

The carrying amount of goodwill, allocated to cash-generating unit (or group of units) for impairment testing is immaterial in comparison with the companies’ total carrying amount of goodwill for the years ended March 31, 2021 and 2020.

The carrying amount of intangible assets with indefinite useful lives, allocated to cash-generating unit (or group of units) for impairment testing, is immaterial in comparison with the companies’ total carrying amount of intangible assets with indefinite useful lives for the years ended March 31, 2021 and 2020.

14. EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS

Exploration and evaluation assets for mineral resources and oil & gas for the years ended March 31, 2021 and 2020 were as follows: Exploration and evaluation assets are mainly recognized in “Property, plant and equipment” in the Consolidated Statements of Financial Position.

	Millions of Yen	
	2021	2020
Balance at beginning of year	60,806	104,920
Acquisitions / Additions	10,841	10,430
Impairment and write-down of capitalized exploration expenses	(13,747)	(3,129)
Reclassification	(47,631)	(7,190)
Foreign currency translation	9,117	(7,077)
Others	(1,129)	(37,148)
Balance at end of year	18,257	60,806

For the year ended March 31, 2021, the “Reclassification” is mainly related to the final investment decision of a gas development project relating to the Waitsia gas field in the state of Western Australia.
For the year ended March 31, 2020, the "Others" are mainly related to the change in scope of consolidation.

Expenses, cash flows from operating activities and cash flows from investing activities in relation to exploration and evaluation for mineral resources and oil & gas for the years ended March 31, 2021 and 2020 were as follows:
Exploration and evaluation expenses are included in “Impairment reversal (loss) of fixed assets-net” and “Other income (expense)-net” in the Consolidated Statements of Income. Impairment and write-down of capitalized exploration expenses are included in “Impairment reversal (loss) of fixed assets-net”, while other exploration and evaluation expenses are included in “Other income (expense)-net”.

	Millions of Yen	
	2021	2020
Exploration and evaluation expenses	(18,353)	(9,417)
Cash flows from operating activities	(4,819)	(6,129)
Cash flows from investing activities	(10,059)	(10,598)

15. DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES

(1) Short-term debt

Short-term debt as of March 31, 2021 and 2020 consisted of the following:

	Millions of Yen					
	2021			2020		
			Interest rate			Interest rate
Short-term bank loans and others	¥	286,204	2.0%	¥	297,458	2.5%
Commercial paper	¥	14,281	1.0%		-	-
Total	¥	300,485		¥	297,458	

The interest rates represent weighted-average rates in effect as of March 31, 2021 and 2020 regardless of borrowing currencies, though the range of interest rates varies by borrowing currency.

(2) Long-term debt

Long-term debt as of March 31, 2021 and 2020 consisted of the following:

	Millions of Yen	
	2021	2020
Long-term debt with collateral (Note 16):		
Banks and insurance companies, maturing serially through 2052—principally 0.5% to 8.2%	¥ 42,637	¥ 45,056
Government-owned banks and government agencies, maturing serially through 2030—principally 6.3%	24,773	11,026
Bonds:		
Indonesian Rupiah bonds (fixed rate 5.8% to 8.3%, due 2020–2023)	17,710	15,745
Brazil Real non-convertible bonds (floating rate 7.9%, due 2020-2026)	1,113	1,165
Total	86,233	72,992
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.0% to 2.6%, maturing serially through 2076	1,868,751	1,831,615
Principally 0.1% to 9.5%, maturing serially through 2036 (payable in foreign currencies)	1,869,229	2,098,953
Bonds and notes:		
Japanese yen bonds (fixed rate 0.2% to 2.4%, due 2022–2040)	230,466	213,218
Japanese yen bonds (fixed and floating rate: floating rate 1.5% to 1.7%, due 2024)	10,000	10,000
Notes under medium-term note programme (fixed and floating rate: floating rate 0.8% to 2.3% due 2023–2030)	36,315	26,290
Lease liability (0.0% to 15.5%, maturing serially through 2073).....	345,258	376,054
Subtotal.....	4,360,019	4,556,130
Total	4,446,252	4,629,122
Less current portion	450,941	399,904
Long-term debt, less current portion	¥ 3,995,311	¥ 4,229,218

Long-term debt includes subordinated syndicated loans of ¥350.0 billion and ¥205.0 billion. The maturity dates are June 15, 2076 and August 15, 2076, respectively. Prepayments will be enabled from June 15, 2023 and August 15, 2028, respectively.

(3) Trade and other payables, and other financial liabilities

Trade and other payables, and other financial liabilities as of March 31, 2021 and 2020 consisted of the following:

	Millions of Yen	
	2021	**2020**
Current:		
Trade and other payables		
Notes payable-trade	¥ 22,548	¥ 18,459
Accounts payable-trade	1,171,241	1,006,694
Accrued expenses	119,552	111,351
Other financial liabilities		
Accounts payable-other	128,332	223,309
Derivative liabilities	201,442	315,305
Other	41,524	88,349
Total	¥ 1,684,639	¥ 1,763,467
Non-current:		
Other financial liabilities		
Accounts payable-other	¥ 2,882	¥ 6,964
Derivative liabilities	40,500	44,166
Other	73,149	54,149
Total	¥ 116,531	¥ 105,279

All financial liabilities, except for derivative liabilities, presented above are measured at amortized cost and there are no financial liabilities measured at FVTPL.

Payable to accounted equity investees included in trade and other payables carried at March 31, 2021 and 2020 were ¥45,243 million and ¥35,145 million respectively.

(4) Liquidity risk analysis

Non-derivative financial liabilities

Contractual balances of non-derivative financial liabilities by maturity as of March 31, 2021 and 2020 were as follows:

March 31, 2021	Millions of Yen			
	Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥ 1,311,225	¥ 2,116	¥ -	¥ 1,313,341
Accounts payable-other	128,323	1,653	1,238	131,214
Long-term debt (including current portion)	450,941	1,668,405	2,326,906	4,446,252

March 31, 2020	Millions of Yen			
	Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥ 1,134,817	¥ 1,687	¥ -	¥ 1,136,504
Accounts payable-other	223,159	5,785	1,329	230,273
Long-term debt (including current portion)	399,904	1,684,687	2,544,531	4,629,122

Derivative instruments

The following tables summarize the result of liquidity analysis of derivative instruments held by the companies. These tables are prepared based on future receipts and payments of derivative instruments. If amounts to be received or paid are not fixed, the disclosed amounts are calculated using interest rates estimated in reference to the yield curve as of March 31, 2021 and 2020.

March 31, 2021		**Millions of Yen**			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange	Receipts	¥ 28,409	¥ 17,965	¥ 1,475	¥ 47,849
contracts	Payments	(41,011)	(22,036)	(6,662)	(69,709)
Interest rate	Receipts	8,112	28,963	19,840	56,915
contracts	Payments	(3,127)	(3,876)	(6,293)	(13,296)
Commodity	Receipts	989,210	80,081	13,161	1,082,452
contracts	Payments	(1,007,352)	(79,983)	(10,535)	(1,097,870)

March 31, 2020		**Millions of Yen**			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange	Receipts	¥ 30,090	¥ 38,681	¥ 3,754	¥ 72,525
contracts	Payments	(15,191)	(22,710)	(384)	(38,285)
Interest rate	Receipts	7,318	30,121	35,314	72,753
contracts	Payments	(3,337)	(7,299)	(3,470)	(14,106)
Commodity	Receipts	1,422,544	74,022	11,997	1,508,563
contracts	Payments	(1,387,609)	(67,074)	(13,026)	(1,467,709)

The amounts of future payments of other derivative instruments not included in the table were immaterial as of March 31, 2021 and 2020.

16. PLEDGED ASSETS

The assets pledged as collateral for certain short-term debt, long-term debt, and guarantee of contracts, etc., as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Cash and deposits	¥ 123,098	¥ 82,462
Trade and other receivables (current and non-current)	17,484	19,839
Investments	523,826	393,834
Property, plant and equipment	79,554	75,491
Others	2	182
Total	¥ 743,964	¥ 571,808

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts. For this reason, it is not included in the amounts shown in the table above.

In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. The Company also has certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

17. PROVISIONS

The changes in provisions for the year ended March 31, 2021 were as follows:

		Millions of Yen		
		Asset retirement obligation	**Other provisions**	**Total**
Balance at April 1, 2020 ………………………	¥	228,226	25,791	254,017
Additional provisions recognized ……………		36,664	8,478	45,142
Provisions used ………………………………		(14,466)	(8,598)	(23,064)
Unwinding of discount and effects of change in discount rate ………………………………		5,993	-	5,993
Others* ………………………………………		20,665	(4,479)	16,186
Balance at March 31, 2021 …………………	¥	277,082	21,192	298,274

* "Others" principally includes the increase due to changes in foreign currency exchange rates.

Asset retirement obligations are principally related to the costs below.
・The dismantling and removing oil and gas production facilities owned by a domestic subsidiary, which has interests in oil and gas operations in Southeast Asia and other areas, and subsidiaries in Australia which are engaged in oil and gas producing activities.
・The dismantling and removing costs of facilities and decommissioning costs of the mine owned by subsidiaries in Australia, which engaged in mining and sales of Australian iron ore.
・The mine rehabilitation costs of a subsidiary in Australia, which engaged in the investments in Australian coal business.
These expenses are expected to be paid until up to 2080.
"Other provisions" includes provision related to the fire incident of International Terminals Company LLC("ITC")(Note 27)

For the year ended March 31, 2021, Mitsui E&P Australia Pty Ltd, a subsidiary in the Energy Segment, has changed its estimate of the asset retirement obligations as the decommissioning costs associated with Enfield project based on new information on the decommissioning costs from the operator.
The increase of ¥7,654 million in asset retirement obligations due to this change in estimate has been recorded in "Other income (expense) - net" in the Consolidated Statements of Income because the depreciation of fixed assets has been completed.

18. EMPLOYEE BENEFITS

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. Benefits from CPF are based on length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnity plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

Changes in the defined benefit obligation and plan assets

The following table sets forth the changes in the companies' defined benefit obligation and plan assets:
Net defined benefit liability at end of year is included in the retirement benefit liabilities and other non-current assets in the consolidated statements of financial position.

	Millions of Yen	
	2021	2020
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	¥ 360,697	¥ 364,034
Service cost	9,271	11,655
Interest cost	2,698	2,676
Actuarial gain (loss)	1,247	(281)
Benefits paid from plan assets	(14,818)	(14,971)
Others	2,719	(2,416)
Defined benefit obligation at end of year	361,814	360,697
Change in plan assets:		
Fair value of plan assets at beginning of year	343,985	307,064
Interest income	2,529	2,673
Return (loss) on plan assets (excluding interest income)	33,761	(7,288)
Contributions by the employer	7,838	57,872
Benefits paid from plan assets	(14,818)	(14,971)
Others	2,267	(1,365)
Fair value of plan assets at end of year	375,562	343,985
Net defined benefit liability at end of year (*)	¥ 13,748	¥ (16,712)

(*) The positive figure represents the fair value of plan assets exceeds the obligation.

Components of net periodic pension costs

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2021 and 2020 included the following components:

	Millions of Yen	
	2021	2020
Service cost – benefits earned during the period	¥ 9,271	¥ 11,655
Net interest expense (revenue)	169	3
Others	16	35
Net periodic pension costs	¥ 9,456	¥ 11,693

Assumptions

The weighted-average assumptions used to determine the companies' defined benefit obligations as of March 31, 2021 and 2020 are set forth as follows:

	2021	**2020**
Discount rate …………………………………………………………	0.9%	0.8%
Rate of increase in future compensation levels ………………………	1.0%	0.9%

The companies mainly determine the discount rates each year as of the measurement date based on a review of interest rates associated with high-quality fixed-income corporate bonds.

The rate of increase in future compensation levels was not applied in determining the defined benefit obligation of CPF other than the cash balance plan because the benefit formulas of these plans do not contain factors relating to compensation levels.

The following table illustrates the sensitivity to changes in assumptions for pension plans:

	Impact of change in assumption on defined benefit obligation as of March 31, 2021
50 basis point decrease in discount rate ………………………………………………………	¥24,635 million increase
50 basis point increase in discount rate ………………………………………………………	¥21,848 million decrease

Plan assets

The Company's investment objective is to build a high quality portfolio of plan assets. The investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment and are targeted to ensure stable and adequate returns to provide future payments of pension benefits over the long term.

The fair value of the companies' pension plan assets as of March 31, 2021 and 2020 by asset class are set forth as follows:

	Millions of Yen					
	2021			**2020**		
	Quoted market price in an active market			**Quoted market price in an active market**		
Asset Class	**Available**	**Not available**	**Total**	**Available**	**Not available**	**Total**
Equity financial instruments (Japan) ………………	¥ 63,306	¥ 28,180	¥ 91,486	¥ 54,119	¥ 43,366	¥ 97,485
Equity financial instruments (non-Japan) ………	3,363	79,253	82,616	2,686	39,202	41,888
Debt securities (Japan) …………………………	1,118	5,029	6,147	3,072	5,587	8,659
Debt securities (non-Japan) ……………………	9,540	134,478	144,018	10,104	141,554	151,658
Life insurance company general accounts …………………	-	34,830	34,830	-	34,163	34,163
Cash and deposits ………………	14,128	-	14,128	8,515	-	8,515
Other ……………………………	1,645	693	2,338	970	647	1,617
Total …………………………	¥ 93,099	¥ 282,463	¥ 375,562	¥ 79,466	¥ 264,519	¥ 343,985

The equity financial instruments above include securities held in the Company's employee retirement benefit trust. Publicly-traded, equity financial instruments and debt securities are valued using quoted market prices and classified as assets for which a quoted market price in an active market is available. Other equity financial instruments and debt securities are mostly pooled investments managed by trust banks which are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as assets for which a quoted market price in an active market is not available. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. Most of them are valued based on the value of the accounts calculated by the insurance companies and classified as assets for which a quoted market price in an active market is not available.

Cash flows

Contributions

The companies expect to contribute ¥8,487 million to their defined benefit pension plans for the year ending March 31, 2022. When a funded amount of CPF is less than the minimum funding amount at the end of each annual period, the companies will contribute the required amounts to CPF in accordance with the rules of CPF.

Information about the maturity profile

The weighted-average duration of the benefit payments for the defined benefit obligation as of March 31, 2021 is 15 years.

Multiemployer plan

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and its subsidiaries also participate in MGPF, which is different from single-employer plans in the following respects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If the multiemployer plan is wound up or a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan at the time of a wind-up or a withdrawal, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the additional benefit stipulated by the plan.

In relation to this plan, the amount of contribution was recorded as a retirement benefit cost as though it was a defined contribution plan because sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2020 and 2019 was as follows:

	Millions of Yen			
	2020		2019	
Plan assets, net of current payables	¥	24,381	¥	24,383
Actuarial reserve under pension actuarial valuation		20,279		19,742
Net amount		4,102		4,641

The amount contributed to MGPF by the Company's subsidiaries constituted a significant portion of the total contribution and included a surcharge. MGPF was converted into a defined benefit corporate pension fund with the approval from the Ministry of Health, Labour and Welfare of the Japanese Government in April 2015.

The Company also provides an "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels.

19. EQUITY

(1) Common stock

The number of shares authorized and issued for the years ended March 31, 2021 and 2020 were as follows:

	Number of shares	
	2021	**2020**
Authorized:		
Common stock – no par value ……………………………………...	2,500,000,000	2,500,000,000
Issued:		
Balance at beginning of year ………………………………….....	1,742,684,906	1,742,345,627
Increase (decrease) during the year …………………………………...	(25,580,098)	339,279
Balance at end of year ……………………………………………...	1,717,104,808	1,742,684,906

The number of treasury stock held as of March 31, 2021 and 2020 included in the number of shares issued shown above was 48,628,466 and 35,184,567 shares, respectively. The number of treasury stock held as of March 31, 2021 includes 3,896,000 shares in regard to a share-based compensation plan for employees.
For the year ended March 31, 2020, the Board of Directors resolved to issue new shares under the remuneration system of share performance-linked restricted stock at a meeting held on July 3, 2019 and the number of shares issued was increased by 339,279 shares dated on August 2, 2019. For the year ended March 31, 2021, the Board of Directors resolved to issue new shares under the remuneration system of share performance-linked restricted stock at a meeting held on July 10, 2020 and the number of shares issued was increased by 384,602 shares dated on August 7, 2020. The number of shares issued was decreased by 25,964,700 shares dated on April 20, 2020 due to cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on October 30, 2019.

(2) Capital surplus and retained earnings

Capital surplus mainly consist of additional paid-in capital. Changes in capital surplus for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Balance at beginning of year…………………………………………	¥ 402,652	¥ 387,335
Equity transactions with non-controlling interest shareholders:		
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries to non-controlling interests ………………	(52)	13,478
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries from non-controlling interests ……………	(8,008)	1,689
Sales of treasury stock…………………………………………………	(125)	(167)
Compensation costs related to share-based payment…………………	1,771	317
Balance at end of year…………………………………………………	¥ 396,238	¥ 402,652

Retained earnings consist of legal reserve and other unappropriated retained earnings.

The Companies Act of Japan stipulates that an amount equal to 10% of distribution from surplus must be appropriated as additional paid-in capital or a legal reserve in retained earnings depending on the equity account charged upon the payment of such distribution until the total aggregate amount of additional paid-in capital and legal reserve in retained earnings equals 25% of the common stock.

Under the Companies Act, the amount available for distribution is calculated based on the amount of capital surplus and retained earnings, exclusive of additional paid-in capital and legal reserve, recorded in the general books of account in accordance with generally accepted accounting principles in Japan. The amount available for distributions from the Company was ¥1,204,845 million at March 31, 2021.

¥156 million dividends on shares in regard to a share-based compensation plan for employees are included in the total amount of dividends resolved by the Board of Directors at the meeting held on October 30, 2020.

(3) Other components of equity

Changes in other components of equity for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Financial Assets Measured at FVTOCI:		
Balance at beginning of year	¥ 7,479	¥ 356,498
Increase (decrease) during the year	367,347	(305,098)
Transfer to retained earnings	(7,599)	(43,921)
Balance at end of year	¥ 367,227	¥ 7,479
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of year	¥ -	¥ -
Increase (decrease) during the year	24,787	(7,052)
Transfer to retained earnings	(24,787)	7,052
Balance at end of year	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of year	¥ (177,143)	¥ 124,506
Increase (decrease) during the year	258,990	(301,649)
Balance at end of year	¥ 81,847	¥ (177,143)
Cash Flow Hedges:		
Balance at beginning of year	¥ (54,246)	¥ (17,734)
Increase (decrease) during the year	(21,042)	(36,512)
Balance at end of year	¥ (75,288)	¥ (54,246)
Total:		
Balance at beginning of year	¥ (223,910)	¥ 463,270
Increase (decrease) during the year	630,082	(650,311)
Transfer to retained earnings	(32,386)	(36,869)
Balance at end of year	¥ 373,786	¥ (223,910)

(4) Income tax relating to other comprehensive income

Income taxes included in each component of other comprehensive income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	¥ (108,832)	¥ 79,714
Remeasurements of defined benefit pension plans	(7,538)	(1,469)
Share of other comprehensive income of investments accounted for using the equity method	(2,722)	1,611
Total	¥ (119,092)	¥ 79,856
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	¥ 13,365	¥ (11,755)
Cash flow hedges	(6,025)	5,448
Share of other comprehensive income of investments accounted for using the equity method	(14,291)	15,370
Total	¥ (6,951)	¥ 9,063

(5) Other comprehensive income included in non-controlling interests

Each component of other comprehensive income included in non-controlling interests for the years ended March 31, 2021 and 2020 was as follows:

	Millions of Yen	
	2021	2020
Financial assets measured at FVTOCI	¥ 139	¥ (2,276)
Remeasurements of defined benefit pension plans	44	9
Foreign currency translation adjustments	16,211	(19,647)
Cash flow hedges	77	(293)
Total	¥ 16,471	¥ (22,207)

20. 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, 2021 and 2020:

	2021			2020		
	Profit (numerator)	**Shares (denominator)**	**Per share amount**	**Profit (numerator)**	**Shares (denominator)**	**Per share amount**
	Millions of Yen	**In Thousands**	**Yen**	**Millions of Yen**	**In Thousands**	**Yen**
Basic earnings per share attributable to owners of the parent:	¥ 335,458	1,683,338	¥ 199.28	¥ 391,513	1,731,384	¥ 226.13
Effect of dilutive securities:						
Adjustment of effect of: Dilutive securities of associated companies…...	(1)	―		(22)	-	
Stock options …..……………………….…......	―	836		-	1,046	
Diluted earnings per share attributable to owners of the parent:	¥ 335,457	1,684,174	¥ 199.18	¥ 391,491	1,732,430	¥ 225.98

In a calculation of earnings per share for the year ended March 31, 2021, the number of shares related to the share-based compensation plan for employees is included in the number of treasury stock. The number of treasury stock is deducted from the number of shares of common stock issued, in a calculation of the average number of shares of common stock outstanding. The average number of treasury stock is 35,615,918 shares.

21. REVENUES

(1) Among "Revenue", the disaggregation of revenue recognized from contracts with customers by business segment is as follows. The following business segment categories are same as in Note 6 "SEGMENT INFORMATION". Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

	Millions of Yen								
Year ended March 31, 2021:	**Iron & Steel Products**	**Mineral & Metal Resources**	**Energy**	**Machinery & Infrastructure**	**Chemicals**	**Lifestyle**	**Innovation & Corporate Development**	**All Other**	**Total**
Revenue recognized from contracts with customers	¥ 425,362	¥ 1,145,503	¥ 564,700	¥ 733,596	¥ 1,910,730	¥ 1,890,284	¥ 162,524	¥ 1,988	¥ 6,834,687

	Millions of Yen								
Year ended March 31, 2020: As restated	**Iron & Steel Products**	**Mineral & Metal Resources**	**Energy**	**Machinery & Infrastructure**	**Chemicals**	**Lifestyle**	**Innovation & Corporate Development**	**All Other**	**Total**
Revenue recognized from contracts with customers	¥ 485,252	¥ 966,416	¥ 536,336	¥ 978,280	¥ 2,147,871	¥ 2,029,186	¥ 152,920	¥ 6,822	¥ 7,303,083

As described in the Note in Consolidated Statements of Income, the Company has reconsidered the presentation of revenue from certain transactions, and has presented revenues recognized from contracts with customers based on the results of the reconsideration for the current and previous fiscal year.

(2) Contract balances

The balances of receivables from contracts with customers and contract liabilities are as follows.

	Millions of Yen			
		Balance at March 31, 2021	**Balance at March 31, 2020**	**Balance at April 1, 2019**
Receivables from contracts with customers.......	¥	1,420,521	1,338,743	1,538,004
Contract liabilities..		120,847	136,293	201,973

In the Consolidated Statements of Financial Position, receivables from contracts with customers are included in "Trade and other receivables" and contract liabilities are included in "Advances from customers". Contract liabilities mainly consist of advances from customers prior to delivery in ships and aircrafts sales transactions. If the time between transfer of goods or services to the customer and payment is within 1 year, the impact of material financial factors is not adjusted. Of the revenue recognized in the year ended March 31, 2021 and 2020, the amount included in contract liabilities as of the beginning of the fiscal year is ¥77,900 million and ¥135,067 million before, respectively.

(3) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the expected period of revenue recognition are as follows. The contracts that have an original expected duration of one year or less, and the contract that the companies recognize the revenue at the amount of consideration to which the companies have a right to invoice for the transactions which performance obligation satisfied over time, are not included. In addition, there is no significant consideration from contracts with customers not included in the transaction price. If the price at the time of revenue recognition is undecided at the fiscal year end, the future price is reasonably estimated based on the contract conditions and the prices published by third parties and allocated to the remaining performance obligations.

	Millions of Yen		
		2021	**2020 As restated**
Within 1 year………………………………	¥	753,358	830,812
More than 1 year and Within 2 year………		614,923	546,516
More than 2 year and Within 3 year………		390,441	342,158
More than 3 year……………………………		3,310,958	3,040,224
Total………………………………………	¥	5,069,680	4,759,710

The balances more than 3 year are mainly composed of long-term contracts up to 2040.

As described in the Note in Consolidated Statements of Income, the Company has reconsidered the presentation of revenue from certain transactions, and has presented the transaction price allocated to the remaining performance obligations based on the results of the reconsideration for the current and previous fiscal year.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer

For the year ended March 31, 2021, the amounts of assets recognized from the costs to obtain or fulfill contracts with customers are immaterial. Also, if the amortization period of the asset to be recognized is within a year, the incremental costs of obtaining a contract is recognized as a cost when incurred.

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2021 and 2020 consisted of the following:

	Millions of Yen	
	2021	2020
Personnel expenses	¥ 296,900	¥ 298,839
Traveling expenses	6,985	27,542
Communication expenses	46,361	44,114
Depreciation	36,674	41,921
Loss allowance	80,640	31,258
Other	138,863	141,211
Total	¥ 606,423	¥ 584,885

Remuneration of the Company's Directors and Audit & Supervisory Board Members for the years ended March 31, 2021 and 2020 were ¥1,822 million and ¥1,849 million, respectively.

23. INCOME TAXES

Reconciliation between the applicable income tax rate in Japan and the effective income tax rate in the consolidated statements of income and comprehensive income for the years ended March 31, 2021 and 2020 was summarized as follows:

	%	
	2021	**2020**
Applicable income tax rate in Japan	31.0%	31.0%
Increases (decreases) in tax rate resulting from:		
Expenses not deductible for tax purposes and income not taxable-net	0.9	0.5
Tax effects on dividends	(9.1)	(4.2)
Changes in assessment for recoverability of deferred tax assets	(4.0)	0.7
Higher tax rates for resource related taxes	3.5	3.4
Tax effects on investments accounted for using the equity method	(6.7)	(8.9)
Controlled Foreign Company taxation in Japan	3.5	1.4
Other	3.1	(0.9)
Effective income tax rate	22.2%	23.0%

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Deferred Tax Assets:		
Retirement benefit liabilities	¥ 6,916	¥ 5,714
Estimated losses	16,527	15,466
Fixed assets	82,165	50,569
Loss carryforwards	149,001	117,647
Foreign currency translation	26,220	19,878
Derivatives	2,406	9,623
Other	5,187	4,962
Total deferred tax assets	288,422	223,859
Deferred Tax Liabilities:		
Fixed assets	151,140	146,590
Other investments	288,943	177,314
Undistributed earnings	237,563	224,613
Foreign currency translation	37,486	25,897
Derivatives	4,075	2,774
Other	7,936	734
Total deferred tax liabilities	¥ 727,143	¥ 577,922

Deferred tax assets recognized by taxable entities that have suffered a loss in either the preceding period or 2019 period was ¥28,939 million as of March 31, 2020. Mainly based on expected resource prices, reserve estimation by external institutions and the estimation in consideration of long-term sales agreements, the companies recognize deferred tax assets within a sufficient taxable income during the expiry period of net operating loss carried forward for each country. Deferred tax assets recognized by taxable entities that have suffered a loss in either the current or preceding period was ¥7,177 million as of March 31, 2021. The companies recognize deferred tax assets within a sufficient taxable income during the expiry period of net operating loss carried forward for each country.

For the year ended March 31, 2021, the Company transferred and reorganized investment subsidiaries in U.S. oil and gas project business to MBK Energy Holdings USA Inc. ("MEH") on November 30, 2020 for the centralization of management of the oil and gas projects in the U.S. Due to this reorganization, the Company recognized deferred tax assets mainly relating to tax losses in MEH's subsidiaries to be realized against future taxable income generated primarily from long-term service agreements of U.S. LNG project, and gain of ¥39,030 million has been recognized in "Income Taxes" on the Consolidated Statements of Income for the year ended March 31, 2021.

The unused tax loss carryforwards and deductible temporary differences for which deferred tax assets were not recognized were ¥2,938,303 million and ¥2,693,188 million as of March 31, 2021 and 2020, respectively.

Taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were ¥1,858,220 million and ¥1,542,694 million as of March 31, 2021 and 2020, respectively.

The increase and decrease in deferred tax assets and deferred tax liabilities recognized as deferred tax expenses in the consolidated statements of income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen			
	2021		2020	
Retirement benefit liabilities………………………..………………………	¥	1,866	¥	(1,045)
Estimated losses………………………………………………………		249		(1,187)
Fixed assets…………………...………………………………………		25,940		18,805
Loss carryforwards……………...………………………………………		29,219		3,929
Other investments...………...……..……..………………………………		(4,787)		(2,426)
Undistributed earnings…………..…………………………………………		(12,950)		(17,105)
Other…………………………..………………………………………		(5,647)		3,237
Total…………………………...………………………………………	¥	33,890	¥	4,208

Unused tax loss carryforwards for which no deferred tax assets have been recognized as of March 31, 2021 and 2020 were ¥657,919 million and ¥668,662 million, respectively. If not utilized, such tax loss carryforwards will expire as follows:

	Millions of Yen			
	2021		2020	
Within 5 years………………………………………………...………	¥	277,158	¥	228,684
After 5 to 10 years………………………………………………………		225,263		126,162
After 10 to 15 years……………………...……………………………		274		157,576
After 15 years………………...…………………………………………		155,224		156,240
Total……………………...……………………………………………	¥	657,919	¥	668,662

Income tax expenses in the consolidated statements of income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen			
	2021		2020	
Current…………………………………………………………...…………	¥	(133,711)	¥	(127,216)
Deferred……………………………………………………………....………	¥	33,890	¥	4,208
Total…………………………………………………………...…………	¥	(99,821)	¥	(123,008)

Deferred tax expenses or income arising from the write-down and reversal of previously written-down deferred tax assets related to tax loss carryforwards and temporary differences of the companies for which it is probable that a tax benefit or expense will be realized in the future was 40,730 million reversal of March 31, 2021. This deferred tax expenses or income was immaterial for the year ended March 31, 2020.

24. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the assets or liabilities.

(1) Valuation techniques

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

Trade and other receivables
- Trade and other receivables other than measured at amortized cost are measured at fair value.
- Trade and other receivables other than measured at amortized cost are measured at fair value principally using the discounted cash flow method and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the customer. They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Other Investments
- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using quoted market prices and classified as level 1.
- Non-marketable other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Derivative Instruments
- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories
- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustments and classified as level 2. The amounts of costs to sell as of March 31, 2021 and 2020 were immaterial.

(2) Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel of the Company. All of the valuations, including those performed by the external experts, are reviewed and approved by the responsible personnel of the Company.

(3) Assets and liabilities measured at fair value on a recurring basis

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and 2020 were as follows. No assets or liabilities were transferred between level 1 and 2 for the years ended March 31, 2021 and 2020.

March 31, 2021	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 8,611	-	¥ 114,944		
Financial assets measured at FVTOCI	1,080,121	-	709,166		
Total other investments	¥ 1,088,732	-	¥ 824,110	-	¥ 1,912,842
Derivative assets:					
Foreign exchange contracts	-	¥ 47,998	-		
Interest rate contracts	-	55,613	-		
Commodity contracts	¥ 25,608	1,053,589	¥ 3,895		
Others	-	-	14,666		
Total derivative assets	¥ 25,608	¥ 1,157,200	¥ 18,561	¥ (954,593)	¥ 246,776
Inventories	-	¥ 152,537	-	-	152,537
Total assets	¥ 1,114,340	¥ 1,309,737	¥ 842,671	¥ (954,593)	¥ 2,312,155
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	-	¥ 69,834	-		
Interest rate contracts	-	12,337	-		
Commodity contracts	¥ 41,483	1,055,458	¥ 2,409		
Others	-	-	3,644		
Total derivative liabilities	¥ 41,483	¥ 1,137,629	¥ 6,053	¥ (943,223)	¥ 241,942
Total liabilities	¥ 41,483	¥ 1,137,629	¥ 6,053	¥ (943,223)	¥ 241,942

March 31, 2020	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Trade and other receivables:					
Loans measured at FVTPL	-	-	¥ 22,698		
Total trade and other receivables	-	-	¥ 22,698	-	¥ 22,698
Other investments:					
Financial assets measured at FVTPL	¥ 14,564	-	¥ 115,940		
Financial assets measured at FVTOCI	645,455	-	671,358		
Total other investments	¥ 660,019	-	¥ 787,298	-	¥ 1,447,317
Derivative assets:					
Foreign exchange contracts	-	¥ 72,829	-		
Interest rate contracts	-	68,559	-		
Commodity contracts	¥ 46,845	1,461,687	¥ 515		
Others	-	-	13,901		
Total derivative assets	¥ 46,845	¥ 1,603,075	¥ 14,416	¥ (1,162,685)	¥ 501,651
Inventories	-	¥ 105,482	-	-	105,482
Total assets	¥ 706,864	¥ 1,708,557	¥ 824,412	¥ (1,162,685)	¥ 2,077,148
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	-	¥ 37,517	-		
Interest rate contracts	-	18,910	-		
Commodity contracts	¥ 38,445	1,430,142	¥ 2,083		
Others	-	-	8,422		
Total derivative liabilities	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471
Total liabilities	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471

* Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts, and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The balance at the beginning of period of the loan measured at FVTPL was ¥22,698 million and the balance at the end of the period was immaterial for the year ended March 31, 2021. See Note 28 for the main factor for the decrease in the loan measured at FVTPL. The balance at the beginning of period of the loan measured at FVTPL was ¥22,415 million and the balance at the end of the period was ¥22,698 million for the year ended March 31, 2020.

The reconciliation of financial assets measured at FVTPL for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Balance at beginning of year	¥ 115,940	¥ 111,504
Gains (losses)	27,823	(1,931)
Purchases	15,732	27,736
Sales/Redemptions	(45,253)	(16,715)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note 1)	(569)	-
Others (Note 2)	1,271	(4,654)
Balance at end of year	¥ 114,944	¥ 115,940
Net change in unrealized gains (losses) still held at end of year	¥ 15,785	¥ (1,740)

Note 1: “Transfers out of Level 3” is due to the transfer into Level 1 as the initial public offering of the shares.

Note 2: “Others” includes the effect of changes in foreign exchange rates (including foreign currency translation adjustments) and in scope of consolidation.

Gains (losses) related to financial assets measured at FVTPL for the year ended March 31, 2021 and 2020 were included in “Revenue” and “Gain (loss) on securities and other investments-net” in the Consolidated Statements of Income.

The reconciliation of financial assets measured at FVTOCI for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	2020
Balance at beginning of year	¥ 671,358	¥ 762,857
Other comprehensive income (Note 1)	26,858	(93,721)
Purchases	11,296	20,794
Sales	(5,663)	(13,089)
Transfers into Level 3	-	-
Transfers out of Level 3(Note 2)	(1,538)	(2,175)
Others (Note 3)	6,855	(3,308)
Balance at end of year	¥ 709,166	¥ 671,358

Note 1: “Other comprehensive income” for the year ended March 31, 2021 increased mainly due to the fair value increase in investments in the mineral & metal resources projects reflecting the rise in iron ore prices among other things and the effect of foreign exchange rates.

“Other comprehensive income” for the year ended March 31, 2020 decreased mainly due to the fair value decline in investments in LNG projects as a result of the changes in future oil price forecasts.

Note 2: “Transfers out of Level 3” is due to the transfer into Level 1 as the initial public offering of the shares.

Note 3: “Others” includes the effect of changes in scope of consolidation.

Other comprehensive income related to financial assets measured at FVTOCI was included in “Financial assets measured at FVTOCI” and “Foreign currency translation adjustment” in the Consolidated Statements of Comprehensive Income.

Quantitative information about Level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of March 31, 2021 and 2020 were as follows:

March 31, 2021	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	5.9%~11.8%

March 31, 2020	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	6.2%~13.3%

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that Brent Crude price will be in a range of US$60/bbl to US$70/bbl, considering the recent market price and several third parties' forecasts.

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

25. CONTINGENT LIABILITIES

Ⅰ. GUARANTEES

The companies provide various types of guarantees for the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of March 31, 2021 and 2020. The maximum potential amount of future payments represents the amount without consideration of possible recovery under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by the guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications and, in the aggregate, they greatly exceed anticipated losses.
The companies evaluate risks involved for each guarantee through an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood of performing guarantees which would materially affect the consolidated financial position, operating results, or cash flows of the companies is remote at March 31, 2021.

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2021				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 483,238	¥ 74,147	¥ 1,898	¥ 72,249
Guarantees for investments accounted for using the equity method	1,161,367	675,010	152,251	522,759
Performance guarantees				
Guarantees for third parties	70,005	62,225	24,871	37,354
Guarantees for investments accounted for using the equity method	68,001	61,777	1,659	60,118
Total	¥ 1,782,611	¥ 873,159	¥ 180,679	¥ 692,480

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2020				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 95,085	¥ 56,037	¥ 2,018	¥ 54,019
Guarantees for investments accounted for using the equity method	1,101,608	779,288	93,005	686,283
Performance guarantees				
Guarantees for third parties	38,831	36,333	19,146	17,187
Guarantees for investments accounted for using the equity method	65,591	59,646	1,747	57,899
Total	¥ 1,301,115	¥ 931,304	¥ 115,916	¥ 815,388

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of March 31, 2021 and 2020 will expire through 2027.

Guarantees for the investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of March 31, 2021 and 2020 will expire through 2031.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of March 31, 2021 and 2020.

	Millions of Yen			
	2021		2020	
Within 1 year	¥	504,086	¥	523,950
After 1 to 5 years		206,094		223,538
After 5 years		1,072,431		553,627
Total	¥	1,782,611	¥	1,301,115

Ⅱ. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

(TAXATION ON CAPITAL GAIN IN INDIA)

Earlyguard Limited ("EG"), a UK subsidiary of Mitsui & Co., Ltd., received a tax payment notice dated January 21, 2020 which requested payment of 24.0 billion Indian Rupees (¥36.0 billion) from Indian tax authority.

The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued. On February 17, 2021, EG commenced arbitration under the UK-India bilateral investment treaty in order to dispute this tax payment notice.

The company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

26. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the Consolidated Statements of Cash Flows for the years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen	
	2021	**2020**
Non-cash investing and financing activities:		
Acquisition of assets related to leases……	¥ 29,908	¥ 99,749
Other payables for acquisition of Property, plant and equipment, Investment property……	5,822	72,558
Exchange of a long-term loan receivable for an investment accounted for using the equity method……	28,458	-

The changes in liabilities arising from financing activities for the years ended March 31, 2021 and March 31, 2020 were as follows:

	Millions of Yen							
					Non-cash changes			
	Balance at April 1, 2019	**Cumulative effects of changes in accounting policies (Note2)**	**Restated balance at April 1, 2019**	**Cash flows**	**Foreign exchange movement**	**New lease contracts**	**Others**	**Balance at March 31, 2020**
Short-term debt	¥ 337,028	¥ -	¥ 337,028	¥ (27,158)	¥ (18,077)	¥ -	¥ 5,665	¥ 297,458
Long-term debt (Note1)	4,288,447	272,321	4,560,768	27,536	(76,428)	99,749	17,497	4,629,122
Total	¥ 4,625,475	¥ 272,321	¥ 4,897,796	¥ 378	¥ (94,505)	¥ 99,749	¥ 23,162	¥ 4,926,580

Note 1: Long-term debt includes "Current portion of long-term debt" and "Long-term debt, less current portion" from the Consolidated Statements of Financial Position.

Note 2: The effect of the adoption of IFRS 16.

	Millions of Yen						
			Non-cash changes				
	Balance at April 1, 2020	**Cash flows**	**Foreign exchange movement**	**Change in fair value**	**New lease contracts**	**Others**	**Balance at March 31, 2021**
Short-term debt	¥ 297,458	¥ (26,527)	¥ 17,382	¥ -	¥ -	¥ 12,172	¥ 300,485
Long-term debt (Note1)	4,629,122	(235,415)	42,223	(15,730)	29,908	(3,856)	4,446,252
Total	¥ 4,926,580	¥ (261,942)	¥ 59,605	¥ (15,730)	¥ 29,908	¥ 8,316	¥ 4,746,737

Note 1: Long-term debt includes "Current portion of long-term debt" and "Long-term debt, less current portion" from the Consolidated Statements of Financial Position.

27. 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, 2020 and 2021, and the outstanding balance of related provision as of March 31, 2021 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.

28. IMPAIRMENT LOSSES FOR THE MOATIZE COAL MINE BUSINESS AND NACALA CORRIDOR RAIL AND PORT INFRASTRUCTURE BUSINESS IN MOZAMBIQUE

For the year ended March 31, 2021, Mitsui & Co. Mozambique Coal Finance Limited, Mitsui & Co. Nacala Infrastructure Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lends to Mozambique coal mine business, or lend to and invest in Mozambique rail & port infrastructure business, recognized full impairment to the carrying amount for both investment and loans of ¥73,599 million as a loss allowance for doubtful debt, a loss on loans measured at FVTPL, an impairment loss included in share of profit (loss) of investments accounted for using the equity method and an impairment loss for investments accounted for using the equity method, due to the decrease of our production assumptions based on the revision of the production plan and the decline in the coal prices which are based on several third parties’ mid-long term forecasts. In the Consolidated Statements of Income, a loss allowance is recorded for ¥44,823 million (Mineral & Metal Resources ¥35,858 million, Machinery & Infrastructure ¥8,965 million) in “Selling, general and administrative expenses”, a loss on loans measured at FVTPL is recorded for ¥21,657 million (Mineral & Metal Resources ¥17,326 million, Machinery & Infrastructure ¥4,331 million) in “Other income (expense) -net”, an impairment loss included in share of profit (loss) of investments accounted for using the equity method is recorded for ¥4,727 million (Mineral & Metal Resources ¥3,782 million, Machinery & Infrastructure ¥945 million) in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” and an impairment loss for investments accounted for using the equity method is recorded for ¥2,392 million (Mineral & Metal Resources ¥1,914 million, Machinery & Infrastructure ¥478 million) in “Gain (loss) on securities and other investments-net”, respectively.

For the year ended March 31, 2020, Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lend to Mozambique coal mine business or invest in Mozambique rail & port infrastructure business, recognized losses of ¥22,083 million as a loss allowance for doubtful debt and an impairment loss for investments accounted for using the equity method, as a result of the revisions to our various assumptions of long-term production plan due to a decrease in the amount of proven reserves regarding the Moatize mine business. In the Consolidated Statements of Income, a loss allowance is recorded for ¥12,224 million (Mineral & Metal Resources ¥9,779 million, Machinery & Infrastructure ¥2,445 million) in “Selling, general and administrative expenses”, an impairment loss for investments accounted for using the equity method is recorded for ¥6,322 million (Mineral & Metal Resources ¥5,058 million, Machinery & Infrastructure ¥1,264 million) and ¥3,537 million (Mineral & Metal Resources ¥2,830 million, Machinery & Infrastructure ¥707 million) in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” and “Gain (loss) on securities and other investments－net”, respectively.

29. SUBSEQUENT EVENTS

Dividend

On June 18, 2021, the shareholders approved the payment of a cash dividend to shareholders as of March 31, 2021, of ¥45 per share or a total of ¥75,258 million at the Company's Ordinary General Meeting of Shareholders.

Stock Repurchase

At the meeting of the Board of Directors held on April 30, 2021, 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 30 million shares (1.8% of the total number of shares outstanding excluding treasury stock)

   (3) Total amount

   Up to ¥50,000 million

   (4) Period

   From May 6, 2021 to June 23, 2021

   (5) Repurchase method

   Auction market on Tokyo Stock Exchange

Subscription of convertible bonds

On April 30, 2021, the Company entered into a subscription agreement for the convertible bonds with an aggregate principal of JPY 100 billion issued by PT CT Corpora ("CT"), the holding company of CT Corp, an Indonesian conglomerate. The convertible bonds consist of two tranches denominated in JPY 67 billion and JPY 33 billion, where the JPY 33 billion tranche replaces the corporate bond of the same amount issued by CT, which the Company had subscribed to in November 2018. The closing of the convertible bond subscription has been completed on May 25, 2021 due to the fulfillment of mutually agreed conditions precedent.

Impact on Mozambique LNG project due to evolution of the security situation in northern Mozambique

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 on April 26, the project operator, TOTAL S.A. of France, announced that it had declared force majeure under the Joint Operating Agreement.

While the Company intends to closely examine the project's future prospects, it does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

30. AUTHORIZATION OF THE ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the consolidated financial statements was authorized by Kenichi Hori, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, on June 18, 2021.

2. Others

Quarterly data for the year ended March 31, 2021

	Millions of Yen, Except Amounts per Share			
	Year ended March 31, 2021	**Nine-month period ended December 31, 2020**	**Six-month period ended September 30, 2020**	**Three-month period ended June 30, 2020**
Revenue	¥ 8,010,235	¥ 5,740,568	¥ 3,705,074	¥ 1,845,373
Profit before Income Taxes	450,202	272,613	184,693	101,990
Profit for the Period (Year) Attributable to Owners of the Parent	335,458	198,937	110,024	62,557
Basic Earnings per Share Attributable to Owners of the Parent (Yen)	¥ 199.28	¥ 118.01	¥ 65.16	¥ 36.92

As described in the "Notes to Consolidated Statements of Income", effective from year ended March 31, 2021, revisions have been made to the presentation of revenue for certain transactions, and the figures for quarterly period ended June 30, 2020, September 30, 2020 and December 31, 2020 have been restated.

	Three-month period ended March 31, 2021	**Three-month period ended December 31, 2020**	**Three-month period ended September 30, 2020**	**Three-month period ended June 30, 2020**
Basic Earnings per Share Attributable to Owners of the Parent (Yen)	¥ 81.18	¥ 52.94	¥ 28.24	¥ 36.92

Significant litigation
See Note 25, "CONTINGENT LIABILITIES."

6. Outline Regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	(Special account) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	------
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice	Mitsui carries out its public notifications by means of electronic public notice. https://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Note) Public notice of book closing is not included in the public notices shown in "Method of giving public notice."

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2021 and the issuance date (June 18, 2021) of the original Japanese version of this Annual Securities Report.

(1) Related to Annual Securities Report

Annual Securities Report and Its Attached Documents and Confirmation Notes

Fiscal year (the 101st) From April 1, 2019 to March 31, 2020 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 19, 2020

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Its Confirmation Notes

(The 1st quarter of the 102nd period) (From April 1, 2020 to June 30, 2020) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 11, 2020

(The 2nd quarter of the 102nd period) (From July 1, 2020 to September 30, 2020) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 10, 2020

(The 3rd quarter of the 102nd period) (From October 1, 2020 to December 31, 2020) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 12, 2021

(3) Securities Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on July 10, 2020

(4) Internal Control Report

Fiscal Year (the 101st) (From April 1, 2019 to March 31, 2020) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 19, 2020

(5) Extraordinary Reports

1) Extraordinary Reports

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 22, 2020
Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 18 2021
Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 20, 2021
Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (transfer of specified subsidiary) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 30, 2021
Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 (an event which may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

2) Amendment Report for Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on October 5, 2020
Amendment Report pertaining to the Extraordinary Report (resolutions of matters resolved at the General Meeting of Shareholders) submitted on June 22,2020

(6) Related to Shelf Registration Statement (corporate bonds)

1) Shelf Registration Statement and Attached Documents

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 17, 2020

2) Amended Shelf Registration Statements

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on October 5, 2020
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 18, 2021
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 20, 2021
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 30, 2021

(7) Related to Share Buyback Reports

1) Share Buyback Reports

(From June 1, 2020 to June 30, 2020) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on July 2, 2020
(From February 1, 2021 to February 28, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 3, 2021
(From March 1, 2021 to March 31, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 5, 2021
(From April 1, 2021 to April 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on May 7, 2021
(From May 1, 2021 to May 31, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 3, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Opinion

We have audited the consolidated financial statements of Mitsui & Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimate related to the COVID-19 pandemic
Key Audit Matter Description
The Group engages in diversified businesses in countries and regions around the world, and the COVID-19 pandemic has widely affected the Group. The decline in demand and fluctuation in product prices caused by the COVID-19 pandemic has affected business performance negatively, especially for the following reportable segments: (1) Machinery & Infrastructure due to lower demand in the passenger rail franchise business and locomotive leasing business, (2) Iron and Steel Products due to lower plant utilization rates, (3) Lifestyle due to lower demand for commercial ingredients for foods service industry and fashion-related products and a decline in occupancy rates in the hospital business, and (4) Energy due to lower crude oil price caused by lower demand mainly for transportation fuels. The Group has identified risks that the speed of business recovery might be slowed down in the event that the infections resurge due to delays in the widespread rollout of vaccinations or unexpected spread of mutated variants, and if the decline in demand continues over the medium to long term, it might have a significant adverse influence to its operating results and financial condition. As disclosed in Note 2.IV. "USE OF ESTIMATES AND JUDGMENTS" to the consolidated financial statements, the Group used estimates and judgment when preparing the consolidated financial statements. The Group expects that COVID-19 will gradually subside by widespread availability of vaccinations, however, the pace of economic recovery will vary among products, businesses, and locations. The estimates were determined based on each situation. Considering the above, we have determined the accounting estimates related to the COVID-19 pandemic to be a key audit matter for the reasons below: • The COVID-19 pandemic has a widespread impact on the operations and performance of the Group, which operates a variety of businesses in many countries and regions. Accordingly, many complex audit procedures are needed to understand the scope and degree of this impact. In addition, these factors must be updated appropriately and revisions to the audit plan must be considered continuously. • The future business plan used in making accounting estimates, such as the impairment of non-financial assets and investments accounted for using the equity method and fair value measurement, incorporates predictions into the duration of the COVID-19 pandemic and the degree of the recovery, which requires material judgment by management and bears a high degree of estimation uncertainty. Specifically, the COVID-19 pandemic has impacted specific business areas negatively, and the degree of estimation uncertainty for the future business plans under such an unstable business environment are relatively high and it requires complex judgment. In addition, accounting estimates are required for matters in various areas of the financial statements, and the quantitative impact of the outcome of the estimates on the consolidated financial statements is significant.
How the Key Audit Matter Was Addressed in the Audit
In order to test the accounting estimates impacted by the COVID-19 pandemic, we performed the following audit procedures, among others: We performed audit procedures to understand the scope and degree of the impact of the COVID-19 pandemic on the Group's operations and performance. Our audit procedures were performed throughout the year to reassess the audit plan continuously. We, among other audit procedures: • Inspected information from external information sources to understand the macro environment of the industry and the region that each of the Group's businesses belong to. • Made inquiries of several relevant personnel of the Group and inspected the relevant documents in order to understand the issues identified by them and the status of initiatives at each of the Group's businesses under the COVID-19 pandemic.

- Performed financial analysis, such as period-to-period analyses of budget and actual financial performance, and comparison of estimates with actual results, for each reportable segment and affiliated companies in order to understand trends in the performance of each of the Group's businesses under the COVID-19 pandemic.

We performed audit procedures on accounting estimates related to the future business plans used for impairment of non-financial assets and so on, especially, for certain matters in Machinery & Infrastructure segment having the passenger rail franchise business and locomotive leasing business and Energy segment, the performances of which were negatively affected by uncertainties in the business environment, the degree of estimation uncertainty are relatively high, and the quantitative impact of the outcome of the estimates on the consolidated financial statements is significant. Also, we performed such audit procedures on certain matters through instructions to component auditors of the affiliated companies. We, among other audit procedures:

- Performed an analysis on the difference between the assumption used for accounting estimate at the end of the previous year and actual results, in order to understand the situation after the end of the previous year for the duration and recovery scenario of the COVID-19 pandemic.

- Assessed whether reliable external indicators had been newly published or updated for the future recovery scenario.

- Evaluated whether the future recovery scenarios were appropriate based on newly known information and the degree of the difference between the company's assumptions and the actual results.

We assessed the validity of descriptions related to the estimation uncertainties arising from the impact of the COVID-19 pandemic in the disclosure information on the impact of the COVID-19 pandemic in Note 2.IV. "USE OF ESTIMATES AND JUDGMENTS" to the consolidated financial statements.

Future oil price forecast
Key Audit Matter Description

The Group is engaged in businesses relating to exploration and production of oil, gas and Liquefied Natural Gas ("LNG") ("Energy businesses") across the world, mainly in the Middle East, Southeast Asia, Oceania, North America, Europe and Africa, and reports these businesses in the Energy segment. Energy businesses have a significant impact on the financial position and performance of the Group. The balances of the Energy segment's main assets on the consolidated financial statements as of March 31, 2021, are as follows:

- Investments accounted for using the equity method: 383,543 million yen (see Note 6 to the consolidated financial statements)
- Main components of investments measured at fair value through other comprehensive income ("FVTOCI Investments"): 315,653 million yen (see Note 8 to the consolidated financial statements)
- Property, plant and equipment: 740,763 million yen
- Main impairment losses of property, plant and equipment and goodwill recognized during the year are disclosed in Notes 11 and 13 to the consolidated financial statements.

As disclosed in Note 2 to the consolidated financial statements, the Group's accounting policies relating to the valuation of assets and impairment losses above are as follows:

Impairment (or Reversal of Impairment) on Investments Accounted for Using the Equity Method and Property, Plant and Equipment

If there is any impairment (or reversal of impairment) indicator for an investment accounted for using the equity method or property or plant and equipment, the recoverable amount of the asset is estimated. When the carrying amount exceeds its recoverable amount, the carrying amount is written down to its recoverable amount. In addition, a previously recognized impairment loss is reversed and recorded as income to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognized for the asset in prior years.

Impairment of Goodwill

Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the relevant recoverable amount annually and when there is an indication that the cash-generating unit may be impaired. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss.

Valuation of FVTOCI Investments

FVTOCI Investment is measured at fair value at the end of each reporting period. Gains and losses are recognized through other comprehensive income and loss.

The value in use or fair value determined as a basis of the recoverable amount for the impairment test of the Energy segment assets above and the fair value of FVTOCI Investments are mainly calculated using the discounted cash flow method based on related business plans, where future oil price forecast is used as the selling price of the products and has a significant impact on the recoverable amount and the fair value of investments.

As disclosed in Notes 2, 11 and 24 to the consolidated financial statements, future oil price forecast is determined by considering the recent market price and several third parties' mid-long term forecasts. This process involves significant management judgments and estimation uncertainty. In addition, future oil price forecast could affect multiple other significant account balances. Therefore, we have determined the future oil price forecast to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit
In order to understand the estimation process for future oil price forecast and relevant controls, we made inquiries of relevant departments regarding the price forecast and of the personnel who implemented those controls, inspected supporting documents and assessed the reasonableness of the estimation process for the price forecast and the relevant controls, including assessing changes from the prior year. Also, in order to understand relevant controls, including the review of the future oil price forecast, we evaluated the competence of personnel who perform these controls and inspected the third-party organizations' price forecast reports used in the controls as well as the relevant documents prepared by the Group. Further, in order to test the Group's future oil price forecast, we: • Assessed the reliability and reasonableness of the third-party organizations' oil price forecasts used to estimate the Group's future oil price forecast based on inquiries of the relevant personnel of the Group and the information we independently obtained from external parties. • Performed retrospective review by comparing the previous oil price forecast with the actual oil prices and evaluated whether the Group's oil price forecast was reasonable. • Assessed the reasonableness of the price forecast method used by the Group based on inquires of the relevant personnel of the Group. Future oil price forecast is determined by considering the recent market price and several third parties' mid-long term forecasts. We evaluated whether the Group's methodology in the forecast, including the third parties' supply and demand scenarios selected by the Group, was reasonable. • With the assistance of our fair value specialists, independently developed reasonable future oil price ranges, considering third-party organizations' reports obtained, quotation prices of the future market, the effects of the COVID-19 pandemic and climate changes, and evaluated whether the Group's future oil price forecast was within those ranges. • Evaluated whether the impairment (reversal of impairment) was required in case there was an impairment (reversal of impairment) indicator but impairment (reversal of impairment) was not recognized, by testing recoverable amounts and conducting sensitivity analyses based on our independent future price forecast. • Assessed the consistency between the future oil price forecast we tested based on the above procedures and the future oil price forecast disclosed in Notes 2, 11 and 24 to the consolidated financial statements.

Assessment of deferred tax assets
Key Audit Matter Description
As disclosed in Note 23 to the consolidated financial statements, the Group reorganized and transferred investment subsidiaries in the United States of America (the "U.S."), which invested in the oil and gas business, to MBK Energy Holdings USA Inc. ("MEH"), a consolidated subsidiary, on November 30, 2020, for the centralization of management of the oil and gas projects in the U.S. Due to this reorganization, the Group recognized deferred tax assets mainly relating to tax losses in MEH's subsidiaries, which could be utilized against future taxable income generated primarily from long-term service agreements of the U.S. LNG project, and related gain amounting to 39,030 million yen within "Income Taxes" on the consolidated statement of income for the year ended March 31, 2021. As disclosed in Note 2 to the consolidated financial statements, the Group's accounting policies for recognition of deferred tax assets are as follows: • The amount of recoverable deferred tax assets is estimated based on all available evidence including the timing when the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse and the forecast of future taxable incomes of the Group. The future taxable income is estimated mainly based on expected resource prices, reserve estimation by external institutions and long-term sales agreements. • Deferred tax assets are recognized except for cases where such deferred tax assets are not deemed to be recoverable. • Deferred tax assets are measured at the tax rates that are applicable to the expected manner of recovery or settlement by management. Estimate of the future taxable income is based on the future business plans, which include assumptions applied by management. Those assumptions are greatly affected by estimation uncertainty relating to the forecasts of the performance of the overall global and U.S. economies, as well as changes in oil prices and production environments. Determining whether the tax losses carried forward in previous tax periods can be utilized in the consolidated tax group in the U.S. requires deep knowledge of U.S. tax laws. In addition, the amount of the deferred tax assets recognized as a result of this reorganization had a significant impact on the consolidated financial statements. Thus, we deemed the assessment of the recoverability of the deferred tax assets recognized upon this reorganization to be a key audit matter.
How the Key Audit Matter Was Addressed in the Audit
In order to assess the recoverability of the deferred tax assets, we performed audit procedures to understand related internal controls with the assistance of our component auditors of the subsidiaries. We, among other audit procedures: • Obtained an understanding of the internal controls that address the risks of material misstatement related to management's assessment of the recoverability of deferred tax assets. • Obtained an understanding of the internal controls over the processes related to management's judgments in determining assumptions when estimating the future taxable income, as well as how the reorganization should be treated in conformity with the U.S. tax laws, which included internal controls over the process to determine whether future taxable income was correctly estimated. • Inquired of company personnel responsible for the performance of internal controls to assess their ability to conduct the controls, and inspected documents used by them when evaluating the appropriateness of the future taxable income calculation.

We also performed substantive audit procedures to test the estimated future taxable income and the utilization of tax losses carried forward with the assistance of our component auditors of the subsidiaries. We, among other audit procedures:

- Inspected minutes and related materials of the board of managers meetings, and tested whether the estimate of future taxable income by management was consistent with the business plans.
- Assessed whether the taxable income estimated by management was consistent with the long-term service agreements in cases where the future taxable income was calculated based on the long-term service agreements.
- Assessed the reasonableness of management's estimates by conducting discussions with management regarding the future oil price, production volume, production cost, and other significant assumptions used in the development of the Group's petroleum/gas production business plans, as well as by comparing those assumptions with industry trends and recent external data available.
- Compared historical estimates of the future taxable income with actual results to evaluate the accuracy of business plans and whether there was any management bias.
- Assessed whether the tax losses carried forward can be utilized in the consolidated tax group in the U.S. with the assistance of our network firm's specialists in the U.S. tax law area.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second bullet point in the second paragraph of the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 18, 2021

Management's Annual Report on Internal Control over Financial Reporting (Translation)

NOTE TO READERS
Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Kenichi Hori, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting(Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2021. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2021.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.

NOTE TO READERS:
Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 18, 2021

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Shuichi Morishige

Designated Engagement Partner,
Certified Public Accountant: Takashi Kitamura

Designated Engagement Partner,
Certified Public Accountant: Yoshio Oka

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Mitsui & Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2020 to March 31, 2021, including notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting estimate related to the COVID−19 pandemic
Key Audit Matter Description
The Group engages in diversified businesses in countries and regions around the world, and the COVID−19 pandemic has widely affected the Group. The decline in demand and fluctuation in product prices caused by the COVID−19 pandemic has affected business performance negatively, especially for the following reportable segments: (1) Machinery & Infrastructure due to lower demand in the passenger rail franchise business and locomotive leasing business, (2) Iron and Steel Products due to lower plant utilization rates, (3) Lifestyle due to lower demand for commercial ingredients for foods service industry and fashion-related products and a decline in occupancy rates in the hospital business, and (4) Energy due to lower crude oil price caused by lower demand mainly for transportation fuels. The Group has identified risks that the speed of business recovery might be slowed down in the event that the infections resurge due to delays in the widespread rollout of vaccinations or unexpected spread of mutated variants, and if the decline in demand continues over the medium to long term, it might have a significant adverse influence to its operating results and financial condition. As disclosed in Note 2.IV. “USE OF ESTIMATES AND JUDGMENTS” to the consolidated financial statements, the Group used estimates and judgment when preparing the consolidated financial statements. The Group expects that COVID−19 will gradually subside by widespread availability of vaccinations, however, the pace of economic recovery will vary among products, businesses, and locations. The estimates were determined based on each situation. Considering the above, we have determined the accounting estimates related to the COVID−19 pandemic to be a key audit matter for the reasons below: • The COVID−19 pandemic has a widespread impact on the operations and performance of the Group, which operates a variety of businesses in many countries and regions. Accordingly, many complex audit procedures are needed to understand the scope and degree of this impact. In addition, these factors must be updated appropriately and revisions to the audit plan must be considered continuously. • The future business plan used in making accounting estimates, such as the impairment of non−financial assets and investments accounted for using the equity method and fair value measurement, incorporates predictions into the duration of the COVID−19 pandemic and the degree of the recovery, which requires material judgment by management and bears a high degree of estimation uncertainty. Specifically, the COVID−19 pandemic has impacted specific business areas negatively, and the degree of estimation uncertainty for the future business plans under such an unstable business environment are relatively high and it requires complex judgment. In addition, accounting estimates are required for matters in various areas of the financial statements, and the quantitative impact of the outcome of the estimates on the consolidated financial statements is significant.
How the Key Audit Matter Was Addressed in the Audit
In order to test the accounting estimates impacted by the COVID−19 pandemic, we performed the following audit procedures, among others: We performed audit procedures to understand the scope and degree of the impact of the COVID−19 pandemic on the Group's operations and performance. Our audit procedures were performed throughout the year to reassess the audit plan continuously. We, among other audit procedures: • Inspected information from external information sources to understand the macro environment of the industry and the region that each of the Group's businesses belong to. • Made inquiries of several relevant personnel of the Group and inspected the relevant documents in order to understand the issues identified by them and the status of initiatives at each of the Group's businesses under the COVID−19 pandemic. • Performed financial analysis, such as period−to−period analyses of budget and actual financial performance, and comparison of estimates with actual results, for each reportable segment or affiliated company in order to understand trends in the performance of each of the Group's businesses under the COVID−19 pandemic. We performed audit procedures, partly with the assistance of auditors of the affiliated companies, to assess the reasonableness of the future business plans used in making accounting estimates, such as the impairment of non-financial

assets, especially, for certain matters in Machinery & Infrastructure segment having the passenger rail franchise business and locomotive leasing business and Energy segment, the performances of which were negatively affected by uncertainties in the business environment, the degree of estimation uncertainty are relatively high, and the quantitative impact of the outcome of the estimates on the consolidated financial statements is significant. We, among other audit procedures:

- Performed an analysis on the difference between the assumptions used for the accounting estimate at the end of the previous year and actual results, in order to understand the subsequent events regarding the assumptions such as the duration and recovery scenario of the COVID−19 pandemic.
- Assessed whether reliable external indicators had been newly published or updated for the future recovery scenario.
- Evaluated whether the future recovery scenarios were appropriate based on newly known information and the degree of the difference between the company's assumptions and the actual results.

We assessed the validity of descriptions related to the estimation uncertainties arising from the impact of the COVID−19 pandemic in the disclosure information on the impact of the COVID−19 pandemic in Note 2.IV. “USE OF ESTIMATES AND JUDGMENTS” to the consolidated financial statements.

Future oil price forecast
Key Audit Matter Description
The Group is engaged in businesses relating to exploration and production of oil, gas and Liquefied Natural Gas ("LNG") ("Energy businesses") across the world, mainly in the Middle East, Southeast Asia, Oceania, North America, Europe and Africa, and reports these businesses in the Energy segment. Energy businesses have a significant impact on the financial position and performance of the Group. The balances of the Energy segment's main assets on the consolidated financial statements as of March 31, 2021, are as follows: • Investments accounted for using the equity method: 383,543 million yen (see Note 6 to the consolidated financial statements) • Main components of investments measured at fair value through other comprehensive income ("FVTOCI Investments"): 315,653 million yen (see Note 8 to the consolidated financial statements) • Property, plant and equipment: 740,763 million yen • Main impairment losses of property, plant and equipment and goodwill recognized during the year are disclosed in Notes 11 and 13 to the consolidated financial statements. As disclosed in Note 2 to the consolidated financial statements, the Group's accounting policies relating to the valuation of assets and impairment losses above are as follows: <u>Impairment (or Reversal of Impairment) on Investments Accounted for Using the Equity Method and Property, Plant and Equipment</u> If there is any impairment (or reversal of impairment) indicator for an investment accounted for using the equity method or property or plant and equipment, the recoverable amount of the asset is estimated. When the carrying amount exceeds its recoverable amount, the carrying amount is written down to its recoverable amount. In addition, a previously recognized impairment loss is reversed and recorded as income to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognized for the asset in prior years. <u>Impairment of Goodwill</u> Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the relevant recoverable amount annually and when there is an indication that the cash-generating unit may be impaired. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss. <u>Valuation of FVTOCI Investments</u> FVTOCI Investment is measured at fair value at the end of each reporting period. Gains and losses are recognized through other comprehensive income and loss. The value in use or fair value determined as a basis of the recoverable amount for the impairment test of the Energy segment assets above and the fair value of FVTOCI Investments are mainly calculated using the discounted cash flow method based on related business plans, where future oil price forecast is used as the selling price of the products and has a significant impact on the recoverable amount and the fair value of investments. As disclosed in Notes 2, 11 and 24 to the consolidated financial statements, future oil price forecast is determined by considering the recent market price and several third parties' mid-long term forecasts. This process involves significant management judgments and estimation uncertainty. In addition, future oil price forecast could affect multiple other significant account balances. Therefore, we have determined the future oil price forecast to be a key audit matter.
How the Key Audit Matter Was Addressed in the Audit
In order to understand the estimation process for future oil price forecast and relevant controls, we made inquiries of relevant departments regarding the price forecast and of the personnel who implemented those controls, inspected

supporting documents and assessed the reasonableness of the estimation process for the price forecast and the relevant controls, including assessing changes from the prior year.

Also, in order to understand relevant controls, including the review of the future oil price forecast, we evaluated the competence of personnel who perform these controls and inspected the third−party organizations' price forecast reports used in the controls as well as the relevant documents prepared by the Group.

Further, in order to test the Group's future oil price forecast, we:

- Assessed the reliability and reasonableness of the third−party organizations' oil price forecasts used to estimate the Group's future oil price forecast based on inquiries of the relevant personnel of the Group and the information we independently obtained from external parties.
- Performed retrospective review by comparing the previous oil price forecast with the actual oil prices and evaluated whether the Group's oil price forecast was reasonable.
- Assessed the reasonableness of the price forecast method used by the Group based on inquires of the relevant personnel of the Group. Future oil price forecast is determined by considering the recent market price and several third parties' mid−long term forecasts. We evaluated whether the Group's methodology in the forecast, including the third parties' supply and demand scenarios selected by the Group, was reasonable.
- With the assistance of our fair value specialists, independently developed reasonable future oil price ranges, considering third−party organizations' reports obtained, quotation prices of the future market, the effects of the COVID−19 pandemic and climate changes, and evaluated whether the Group's future oil price forecast was within those ranges.
- Evaluated whether the impairment (reversal of impairment) was required in case there was an impairment (reversal of impairment) indicator but impairment (reversal of impairment) was not recognized, by testing recoverable amounts and conducting sensitivity analyses based on our independent future price forecast.
- Assessed the consistency between the future oil price forecast we tested based on the above procedures and the future oil price forecast disclosed in Notes 2, 11 and 24 to the consolidated financial statements.

Assessment of deferred tax assets
Key Audit Matter Description
As disclosed in Note 23 to the consolidated financial statements, the Group reorganized and transferred investment subsidiaries in the United States of America (the "U.S."), which invested in the oil and gas business, to MBK Energy Holdings USA Inc. ("MEH"), a consolidated subsidiary, on November 30, 2020, for the centralization of management of the oil and gas projects in the U.S. Due to this reorganization, the Group recognized deferred tax assets mainly relating to tax losses in MEH's subsidiaries, which could be utilized against future taxable income generated primarily from long-term service agreements of the U.S. LNG project, and related gain amounting to 39,030 million yen within "Income Taxes" on the consolidated statement of income for the year ended March 31, 2021. As disclosed in Note 2 to the consolidated financial statements, the Group's accounting policies for recognition of deferred tax assets are as follows: • The amount of recoverable deferred tax assets is estimated based on all available evidence including the timing when the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse and the forecast of future taxable incomes of the Group. The future taxable income is estimated mainly based on expected resource prices, reserve estimation by external institutions and long-term sales agreements. • Deferred tax assets are recognized except for cases where such deferred tax assets are not deemed to be recoverable. • Deferred tax assets are measured at the tax rates that are applicable to the expected manner of recovery or settlement by management. Estimate of the future taxable income is based on the future business plans, which include assumptions applied by management. Those assumptions are greatly affected by estimation uncertainty relating to the forecasts of the performance of the overall global and U.S. economies, as well as changes in oil prices and production environments. Determining whether the tax losses carried forward in previous tax periods can be utilized in the consolidated tax group in the U.S. requires deep knowledge of U.S. tax laws. In addition, the amount of the deferred tax assets recognized as a result of this reorganization had a significant impact on the consolidated financial statements. Thus, we deemed the assessment of the recoverability of the deferred tax assets recognized upon this reorganization to be a key audit matter.
How the Key Audit Matter Was Addressed in the Audit
In order to assess the recoverability of the deferred tax assets, we performed audit procedures to understand related internal controls with the assistance of our component auditors of the subsidiaries. We, among other audit procedures: • Obtained an understanding of the internal controls that address the risks of material misstatement related to management's assessment of the recoverability of deferred tax assets. • Obtained an understanding of the internal controls over the processes related to management's judgments in determining assumptions when estimating the future taxable income, as well as how the reorganization should be treated in conformity with the U.S. tax laws, which included internal controls over the process to determine whether future taxable income was correctly estimated. • Inquired of company personnel responsible for the performance of internal controls to assess their ability to conduct the controls, and inspected documents used by them when evaluating the appropriateness of the future taxable income calculation. We also performed substantive audit procedures to test the estimated future taxable income and the utilization of tax losses carried forward with the assistance of our component auditors of the subsidiaries. We, among other audit procedures: • Inspected minutes and related materials of the board of managers meetings, and tested whether the estimate of future taxable income by management was consistent with the business plans. • Assessed whether the taxable income estimated by management was consistent with the long-term service agreements in cases where the future taxable income was calculated based on the long-term service agreements. • Assessed the reasonableness of management's estimates by conducting discussions with management regarding the future oil price, production volume, production cost, and other significant assumptions used in the development of the Group's petroleum/gas production business plans, as well as by comparing those assumptions with industry trends and recent external data available.

• Compared historical estimates of the future taxable income with actual results to evaluate the accuracy of business plans and whether there was any management bias.
• Assessed whether the tax losses carried forward can be utilized in the consolidated tax group in the U.S. with the assistance of our network firm's specialists in the U.S. tax law area.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

• Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193−2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2021.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2021, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor’s Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.