

Quarterly Securities Report
for the Nine-Month Period Ended December 31, 2022

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2022, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 13, 2023.

Mitsui & Co., Ltd.

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

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended December 31, 2022 and 2021 and as of or for the year ended March 31, 2022

		In millions of Yen, except amounts per share and other				
		Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021	Three-month period ended December 31, 2022	Three-month period ended December 31, 2021	As of or for the year ended March 31, 2022
Consolidated financial data						
Revenue	¥	11,036,515	8,589,429	3,612,700	3,173,230	11,757,559
Gross profit	¥	1,018,249	789,783	386,334	262,360	1,141,371
Profit for the period attributable to owners of the parent	¥	840,787	633,256	301,683	228,626	914,722
Comprehensive income for the period attributable to owners of the parent	¥	905,480	690,339	271,686	341,399	1,370,647
Total equity attributable to owners of the parent	¥	-	-	6,120,427	4,985,248	5,605,205
Total assets	¥	-	-	15,568,985	13,787,535	14,923,290
Basic earnings per share attributable to owners of the parent (Yen)	¥	533.17	387.17	193.70	141.18	561.61
Diluted earnings per share attributable to owners of the parent (Yen)	¥	532.99	387.00	193.64	141.13	561.38
Equity attributable to owners of the parent ratio	%	-	-	39.31	36.16	37.56
Cash flows from operating activities	¥	599,896	359,023	-	-	806,896
Cash flows from investing activities	¥	(126,402)	(190,389)	-	-	(181,191)
Cash flows from financing activities	¥	(377,655)	(397,537)	-	-	(614,325)
Cash and cash equivalents at end of period	¥	-	-	1,245,818	841,139	1,127,868

(Notes) 1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS).

2. Business Overview

In each business area including Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Iron & Steel Products, 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 fuel and wellness, and value creation that leverages digital tools.

There has been no significant change in our business for the nine-month period ended December 31, 2022.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 2022, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2022.

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

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

Forward-looking statements were made as of December 31, 2022, unless otherwise indicated.

(1) Operating Environment

In the nine-month period ended December 31, 2022, the sense of a slowdown in the global economy strengthened due to rising inflation and rapid monetary tightening, mainly in the US, Europe and other developed countries, as well as the Russia-Ukraine situation and the impact of the zero-COVID policy in China.

In the US, although consumer spending generally continued to recover backed by a strong employment situation and other factors despite continued high inflation, the rapid monetary tightening led to a decline in housing investment and sluggish growth in capital investment, resulting in a gradual slowdown in the economy. Looking ahead, the economy is expected to slow further due to continued monetary tightening. In Europe, the economy deteriorated due to supply constraints, such as those in energy, caused by the Russia-Ukraine situation, as well as due to a further rise in prices. Looking ahead, there are concerns about the risk of the economy falling into a recession due to prolonged energy supply constraints, continued high inflation, and monetary tightening. In Japan, the economy continued to pick up, with consumer spending on a recovery trend amid the ongoing normalization of economic activity, as well as a recovery in inbound demand due to the easing of border controls. Looking ahead, the gradual recovery is expected to continue through the added effect of the economic measures implemented at the end of 2022. In China, the economy slowed further due to the impact of the zero-COVID policy and the deterioration of the real estate market, and the confusion caused by the sharp increase in the number of infected people due to the change of the zero-COVID policy at the end of 2022 put further downward pressure on the economy. Even after the

turmoil subsides, a full-fledged economic recovery is expected to be delayed mainly due to sluggish exports caused by the slowdown in the global economy. In Brazil, the economy is expected to slow down due to monetary tightening and other factors. In Russia, economic activity is expected to remain stagnant due to economic sanctions imposed by the international community.

Looking ahead, the global economy is expected to slow further due to continued high inflation in the US, Europe, and other developed countries, the impact of further monetary tightening, uncertainty over the Chinese economy, the Russia-Ukraine situation, and prolonged supply constraints in energy and other areas.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		11,036.5	8,589.4	+2,447.1
Gross Profit		1,018.2	789.8	+228.4
Selling, General and Administrative Expenses		(511.7)	(423.7)	(88.0)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	54.5	(5.7)	+60.2
	Impairment Reversal (Loss) of Fixed Assets—Net	(16.1)	(14.3)	(1.8)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	16.8	11.6	+5.2
	Other Income (Expense)—Net	22.8	24.8	(2.0)
Finance Income (Costs)	Interest Income	32.3	14.7	+17.6
	Dividend Income	103.4	152.0	(48.6)
	Interest Expense	(72.9)	(35.9)	(37.0)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		417.4	318.9	+98.5
Income Taxes		(202.5)	(181.8)	(20.7)
Profit for the Period		862.3	650.4	+211.9
Profit for the Period Attributable to Owners of the Parent		840.8	633.3	+207.5

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

Revenue

Revenue for the nine-month period ended December 31, 2022 (“current period”) was ¥11,036.5 billion, an increase of ¥2,447.1 billion from ¥8,589.4 billion for the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

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

Selling, General and Administrative Expenses

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

	Billions of Yen		
	Current Period	Previous Period	Change*
Personnel	¥ (278.7)	¥ (236.8)	¥ (41.9)
Welfare	(10.1)	(8.5)	(1.6)
Travel	(18.6)	(7.5)	(11.1)
Entertainment	(4.6)	(2.2)	(2.4)
Communication	(40.1)	(35.8)	(4.3)
Rent	(8.3)	(6.7)	(1.6)
Depreciation	(31.4)	(25.9)	(5.5)
Fees and Taxes	(12.1)	(7.8)	(4.3)
Loss Allowance	(15.0)	(11.2)	(3.8)
Others	(92.8)	(81.3)	(11.5)
Total	¥ (511.7)	¥ (423.7)	¥ (88.0)

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, the Mineral & Metal Resources Segment and the Innovation & Corporate Development Segment recorded gains on sales of securities, while the Machinery & Infrastructure Segment recorded an impairment loss.

For the previous period, the Lifestyle Segment recorded gains from the sales of shares, while the Machinery & Infrastructure Segment recorded an impairment loss.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current period, mainly the Machinery & Infrastructure Segment recorded an impairment loss of fixed assets. For the previous period, mainly the Energy Segment recorded an impairment loss of fixed assets.

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

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

Other Income (Expense)—Net

For the current period, multiple segments recorded an increase in relation to foreign exchange profits, the Lifestyle Segment recorded a profit from a valuation gain on an options contract, and the Chemicals Segment recorded insurance proceeds.

For the previous period, mainly the Chemicals Segment recorded insurance proceeds.

Finance Income (Costs)

Dividend Income

Mainly the Mineral & Metal Resources Segment and the Energy Segment recorded a decrease.

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

Mainly the Energy Segment and the Machinery & Infrastructure Segment recorded an increase.

Income Taxes

Income taxes for the current period were ¥202.5 billion, an increase of ¥20.7 billion from ¥181.8 billion for the previous period.

The effective tax rate for the current period was 19.0%, a decrease of 2.8 points from 21.8% for the previous period.

Income taxes decreased due to the tax effect of a portion of equity method profit - which increased, not being recognized.

Profit for the Period Attributable to Owners of the Parent

As a result, profit for the period attributable to owners of the parent was ¥840.8 billion, an increase of ¥207.5 billion from the previous period.

2) Operating Results by Operating Segment

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

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

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	355.4	370.9	(15.5)	
Gross Profit	282.7	303.7	(21.0)	<ul style="list-style-type: none"> ● Iron ore mining operations in Australia -64.1 (lower prices) ● Coal mining operations in Australia +36.3 (higher prices)
Profit (Loss) of Equity Method Investments	103.2	102.7	+0.5	<ul style="list-style-type: none"> ● Coal mining operations in Australia (higher prices) ● Inner Mongolia Erdos Electric Power & Metallurgical +5.0 (good performance of ferroalloys and chemicals businesses) ● Iron ore mining operations in Australia -13.2 (lower prices) ● Oriente Copper Netherlands*¹ -6.7 (lower prices) ● Japan Collahuasi Resources*² -5.6 (lower prices)
Dividend Income	51.6	88.8	(37.2)	<ul style="list-style-type: none"> ● Lower dividend from Vale and iron ore mining operations in Australia
Selling, General and Administrative Expenses	(25.6)	(22.2)	(3.4)	
Others	(56.5)	(102.1)	+45.6	<ul style="list-style-type: none"> ● Gain on sale of Stanmore Mitsui Coal +36.7 ● Increase due to copper price hedge transactions ● Japan Collahuasi Resources -6.2 (absence of a deferred tax liability reversal in the previous period*³)

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

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

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

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	190.8	28.3	+162.5	
Gross Profit	194.8	41.2	+153.6	<ul style="list-style-type: none"> ● Increase in LNG Trading (increase in offtake volume) ● Mitsui E&P USA +33.3 (higher gas prices) ● Mitsui E&P Australia +32.0 (higher oil prices) ● Mitsui E&P Italia B +10.2 (cost improvements, higher oil prices) ● Mitsui E&P Middle East +10.0 (higher oil prices) ● MEP Texas Holdings +9.4 (higher oil and gas prices) ● MOEX North America +5.9 (higher oil prices) ● Decrease in fuel supply related business -4.7
Profit (Loss) of Equity Method Investments	78.4	24.0	+54.4	<ul style="list-style-type: none"> ● Increase in Japan Australia LNG (MIMI) (higher oil and gas prices) ● Japan Arctic LNG +5.1 (oil price and foreign exchange valuation profit) ● Mitsui Oil Exploration +3.1 (changes to lease accounting, other factors)
Dividend Income	32.5	46.4	(13.9)	● 4 LNG projects* ¹ -15.2 (current period +30.8, previous period +46.0)
Selling, General and Administrative Expenses	(43.2)	(36.9)	(6.3)	
Others	(71.7)	(46.4)	(25.3)	<ul style="list-style-type: none"> ● Mitsui Oil Exploration -4.2 (recorded provision) ● Mitsui Oil Exploration income tax increase +14.3 (recognition of tax deductible expense in connection with expiration of a concession agreement, other factors) ● Foreign exchange hedge related profit in fuel supply business, other factors +5.7 ● Absence of valuation loss*² in Mitsui Oil Exploration Block M-3 exploration project in previous period +4.6

*1 Sakhalin II, Abu Dhabi, Oman and Qatargas 3. Includes Qatargas 1 for which interest expired during the previous year.

*2 For the previous period, Mitsui Oil Exploration recorded an impairment loss of ¥7.3 billion for Block M-3 exploration project and profit of ¥2.7 billion in relation to a reversal of reserve for an overseas investment loss.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	131.1	92.2	+38.9	
Gross Profit	147.7	103.0	+44.7	<ul style="list-style-type: none"> ● Construction & industrial machinery businesses+9.1 (increase in unit sales) ● Inversiones Mitta consolidation +7.5 ● Bussan Auto Finance +6.1 (increase in interest income due to an accumulation of operating assets) ● Position Partners consolidation +3.4
Profit (Loss) of Equity Method Investments	151.7	109.1	+42.6	<ul style="list-style-type: none"> ● MBK USA Commercial Vehicles +18.0 (good performance of truck leasing and rental business) ● Penske Automotive Group +7.8 (good sales performance) ● Tanker owning company (increase in vessel related revenue) ● FPSO +5.3 (increase due to MV30/31 operations starting) ● Canadian automobile company (increase in unit sales, decrease in sales promotion expenses) ● VLI -5.1 (impairment loss of fixed assets -7.0*¹) ● IPP -4.3 (weak performance at Mainstream's projects in Chile, weak performance in Ontario, Canada, mark-to-market valuation gain of power derivatives in Australia)
Dividend Income	3.1	3.2	(0.1)	
Selling, General and Administrative Expenses	(120.6)	(91.2)	(29.4)	<ul style="list-style-type: none"> ● Bussan Auto Finance -3.6 (increase of provisions due to an accumulation of operating assets) ● Position Partners consolidation -3.5
Others	(50.8)	(31.9)	(18.9)	<ul style="list-style-type: none"> ● Impairment loss of fixed asset in Brazilian passenger railway business *² -8.4 ● MT Falcon impairment loss *³ current period: -3.1, previous period: -9.7 ● Decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI *⁴ +5.7

*1 VLI recorded a fixed asset impairment loss of ¥7.0 billion due to reassessment of recoverable amount of some assets related to a Brazilian freight railway concession.

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

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

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

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	54.7	51.6	+3.1	
Gross Profit	160.0	132.0	+28.0	<ul style="list-style-type: none"> ● Increase in fertilizer related trading (higher prices) ● Novus International +5.6 (higher prices) ● Mitsui AgriScience International*¹ +4.0 (strong crop protection demand) ● Increase in Mitsui Agro Business (higher prices in fertilizer markets) ● MMTX -4.8 (higher raw material prices, lower sales prices) ● Decrease in trading at an overseas office (absence of good performance in previous period)
Profit (Loss) of Equity Method Investments	21.3	14.2	+7.1	<ul style="list-style-type: none"> ● MVM Resources +3.8 (higher phosphate ore prices)
Dividend Income	3.2	3.2	0	
Selling, General and Administrative Expenses	(103.1)	(82.7)	(20.4)	
Others	(26.7)	(15.1)	(11.6)	<ul style="list-style-type: none"> ● Intercontinental Terminals Company incident*²

*1 Due to a merger, the combined total of Mitsui AgriScience International and its affiliates Certis Europe and Belchim Crop Protection have been used for figures for the previous period.

*2 Insurance proceeds and costs were recorded in Intercontinental Terminals Company both for the current period and previous period. (Current period: ¥4.9 billion of profit)

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	19.5	21.3	(1.8)	
Gross Profit	32.0	25.4	+6.6	● Mitsui & Co. Steel +5.8 (good trading performance)
Profit (Loss) of Equity Method Investments	19.4	21.2	(1.8)	● NuMit* ¹ -4.5 (inventory valuation loss, lower prices)
Dividend Income	2.5	1.2	+1.3	
Selling, General and Administrative Expenses	(20.9)	(17.5)	(3.4)	
Others	(13.5)	(9.0)	(4.5)	

*1 An investment company of Steel Technologies.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	42.3	42.8	(0.5)	
Gross Profit	117.8	110.9	+6.9	● Foreign exchange impact in coffee trading business +5.8 ● Good performance in grain trading +4.2 ● Fair value valuation loss of drug discovery support fund* ¹ -6.7
Profit (Loss) of Equity Method Investments	29.9	32.5	(2.6)	● PHC Holdings deconsolidation* ² -4.3
Dividend Income	6.0	5.4	+0.6	
Selling, General and Administrative Expenses	(106.7)	(99.0)	(7.7)	● Fashion business +3.6 (MN Inter-Fashion becoming an associated company, other factors)
Others	(4.7)	(7.0)	+2.3	● Decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI* ³ +12.2 ● Put option related to JSC R-Pharm* ⁴ +5.8 ● Multigrain related tax refund +3.2 ● Foreign exchange hedging loss in coffee trading -10.3 ● Absence of PHC Holdings securities related profit recorded in the previous period -8.9

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

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

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

*4 A valuation gain was recorded for the foreign exchange translation of a put option in relation to JSC R-Pharm.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	49.7	42.2	+7.5	
Gross Profit	77.8	72.2	+5.6	<ul style="list-style-type: none"> ● Mitsui Bussan Commodities +12.3 (good performance of commodity derivative trading) ● Absence of sale of shares in Wise in the previous period -3.5
Profit (Loss) of Equity Method Investments	13.2	15.3	(2.1)	<ul style="list-style-type: none"> ● Peterson Ventures Partners -3.9 (fall in fair value of shares)
Dividend Income	3.6	2.7	+0.9	
Selling, General and Administrative Expenses	(60.9)	(51.1)	(9.8)	<ul style="list-style-type: none"> ● Mitsui Bussan Commodities -4.7
Others	16.0	3.1	+12.9	<ul style="list-style-type: none"> ● Gain on sale of real estate business in Singapore*¹ ● Gain on sale of investment securities +4.0 ● Increase in commodity derivative trading foreign exchange hedge ● Increase from sale of real estate in the US.*² +3.7

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

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

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

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

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

Based on the current situation, the fair value was measured using the income approach by expected present value technique with the probability-weighted average considering a scenario where the continuous dividend income is predicted through an investment in SELLC and other scenarios. As a result, the investment balance in Sakhalin II project as of December 31, 2022 was ¥93.0 billion. Also, in the nine-month period ended December 31, 2022, a decrease of ¥130.9 billion in the fair value of the investment was recorded in Other Comprehensive Income.

The Company did not recognize any significant profit / loss or other comprehensive income in the current period with respect to the Arctic LNG2 project. The balance of the investments, loans and guarantees related to the Arctic LNG2 project was ¥169.6 billion (¥15.2 billion in investments and loans and ¥154.4 billion in guarantees) as of December 31, 2022. In addition, a provision for loss on guarantees of ¥18.8 billion has been recorded. For further details, please refer to "Notes to Condensed Consolidated Financial Statements 16. IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	December 31, 2022	March 31, 2022	Change
Total Assets	15,569.0	14,923.3	+645.7
Current Assets	6,096.6	5,716.7	+379.9
Non-current Assets	9,472.4	9,206.6	+265.8
Current Liabilities	4,162.1	3,808.6	+353.5
Non-current Liabilities	5,079.9	5,319.2	(239.3)
<i>Net Interest-bearing Debt</i>	3,482.2	3,338.9	+143.3
Total Equity Attributable to Owners of the Parent	6,120.4	5,605.2	+515.2
Net Debt-to-Equity Ratio (times)	0.57	0.60	(0.03)

(*) “Net Debt-to-Equity Ratio” (“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 excluding lease liability 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

Assets

Current Assets:

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Current Assets	6,096.6	5,716.7	+379.9	
Cash and cash equivalents	1,245.8	1,127.9	+117.9	
Trade and other receivables	2,384.5	2,303.1	+81.4	●(MI* ¹) Increase in the current portion of long-term loan receivables
Other financial assets	1,012.5	997.9	+14.6	●(IC* ¹) Market fluctuation, increase in trading volume ●(MI* ¹) Increase in trading volume
Inventories	1,022.2	949.7	+72.5	●(CH* ¹) Higher market prices, increase in trading volume ●(MM* ¹) Higher market prices, increase in trading volume
Advance payments to suppliers	276.0	183.4	+92.6	●(MI* ¹ , EN* ¹) Increase in trading volume
Other Current assets	155.6	154.7	+0.9	

*1 MI: Machinery & Infrastructure Segment, IC: Innovation & Corporate Development Segment, CH: Chemicals Segment, MM: Mineral & Metal Resources Segment, EN: Energy Segment

Non-current Assets:

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Non-current Assets	9,472.4	9,206.6	+265.8	
Investments accounted for using the equity method	3,814.4	3,387.4	+427.0	<ul style="list-style-type: none"> ● Investments accounted for using the equity method +417.4 ● Foreign exchange fluctuations +176.3 ● Investment in the holding company of Mainstream Renewable Power +79.8 ● Investment in Climate Friendly ● Investment in Ouro Fino Saúde Animal ● Investment in FPSO (Libra MV31) +15.7 ● Dividends from equity accounted investees -350.0 ● Sale of Stanmore Mitsui Coal -15.1 ● Sale of Southernwood Property -10.7
Other investments	2,098.1	2,347.4	(249.3)	<ul style="list-style-type: none"> ● Fair value of FVTOCI financial assets -254.4 (including -130.9 from equity interest in Sakhalin II project) ● (MI*¹, LI*¹) Sale of FVTOCI financial assets -62.0 ● Foreign exchange fluctuations +37.7 ● Investment in a large-scale renewable energy project in India
Trade and other receivables	307.9	320.0	(12.1)	● (MI* ¹) Decrease in loan receivables due to reclassification of current maturities
Other financial assets	198.9	167.8	+31.1	● (MI* ¹) Increase in trading volume
Property, plant and equipment	2,239.5	2,190.9	+48.6	<ul style="list-style-type: none"> ● Intercontinental Terminals Company +14.8 (including foreign exchange fluctuations +10.3) ● Oil and gas projects +14.5 (including foreign exchange fluctuations +0.4) ● Sale of ships owned by OMC Shipping -10.1
Investment property	309.3	318.6	(9.3)	
Intangible assets	282.4	253.0	+29.4	● Consolidations (Position Partners, Lee Soon Seng Plastics Industries)
Deferred tax assets	98.6	100.7	(2.1)	
Deferred tax assets	123.3	120.8	+2.5	

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

Liabilities and Equity

(Billions of Yen)	December 31, 2022	March 31, 2022	Change	Description
Current Liabilities	4,162.1	3,808.6	+353.5	
Short-term debt	397.9	281.8	+116.1	
Current portion of long-term debt	850.0	410.3	+439.7	
Trade and other payables	1,765.0	1,739.1	+25.9	●Increase in trade payables
Other financial liabilities	762.5	1,003.2	(240.7)	●Decrease in derivative liabilities
Income tax payables	52.8	68.5	(15.7)	
Advances from customers	237.9	202.1	+35.8	●Corresponding to increase in advance payments
Provisions	38.4	48.6	(10.2)	●(EN* ¹) Decrease in provisions
Other current liabilities	57.6	55.0	+2.6	
Non-current Liabilities	5,079.9	5,319.2	(239.3)	
Long-term debt, less the current portion	3,871.7	4,185.4	(313.7)	
Other financial liabilities	235.0	147.0	+88.0	●Increase in derivative liabilities
Retirement benefit liabilities	39.7	38.0	+1.7	
Provisions	287.1	266.2	+20.9	●(EN* ¹) Increase in asset retirement obligations
Deferred tax liabilities	615.1	654.0	(38.9)	●Decrease in fair value of Sakhalin II project
Other non-current liabilities	31.3	28.6	+2.7	
Total equity attributable to owners of the parent	6,120.4	5,605.2	+515.2	
Common stock	342.6	342.4	+0.2	
Capital surplus	380.5	376.5	+4.0	
Retained earnings	4,704.6	4,166.0	+538.6	
Other components of equity	853.3	827.4	+25.9	
<breakdown>				
Financial assets measured at FVTOCI	232.1	465.1	(233.0)	●Lower share prices, decrease in fair value of Sakhalin II project
Foreign currency translation adjustments	599.5	478.6	+120.9	●USD +114.0 (Dec-22 JPY132.70/USD, up from Mar-22 JPY122.39/USD) ●AUD -28.3 (Dec-22 JPY89.57/AUD, down from Mar-22 JPY92.00/AUD)
Cash flow hedges	21.7	(116.3)	+138.0	●Commodity price and interest rate hedge accounting
Treasury Stock	(160.6)	(107.1)	(53.5)	●Share repurchase -196.8 ●Cancellation of treasury stock +143.2
Non-controlling interests	206.5	190.2	+16.3	

*1 EN: Energy Segment

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	599.9	359.0	+240.9
Cash Flows from Investing Activities	(126.4)	(190.4)	+64.0
Free Cash Flow	473.5	168.6	+304.9
Cash Flows from Financing Activities	(377.7)	(397.5)	+19.8
Effect of Exchange Rate Changes on Cash and Cash Equivalents	22.2	6.9	+15.3
Change in Cash and Cash Equivalents	118.0	(222.0)	+340.0

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	599.9	359.0	+240.9
Cash Flows from Change in Working Capital	b	(403.9)	(544.7)	+140.8
Repayments of Lease Liabilities	c	(42.6)	(40.8)	(1.8)
Core Operating Cash Flow	a-b+c	961.2	862.9	+98.3

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥403.9 billion of net cash outflow. Repayments of lease liabilities was ¥42.6 billion of net cash outflow. Core Operating Cash Flow, which equals cash flows from operating activities excluding changes in working capital and repayments of lease liabilities, amounted to ¥961.2 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥460.7 billion, an increase of ¥30.5 billion from ¥430.2 billion for the previous period.
 - Depreciation and amortization for the current period was ¥206.3 billion, a decrease of ¥18.7 billion from ¥225.0 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	355.5	433.0	(77.5)
Energy	275.9	152.9	+123.0
Machinery & Infrastructure	158.7	113.2	+45.5
Chemicals	72.5	71.9	+0.6
Iron & Steel Products	15.4	9.2	+6.2
Lifestyle	31.2	33.5	(2.3)
Innovation & Corporate Development	34.4	35.1	(0.7)
All Other and Adjustments and Eliminations	17.6	14.1	+3.5
Consolidated Total	961.2	862.9	+98.3

The following table shows Depreciation and amortization by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	42.3	40.1	+2.2
Energy	70.0	107.1	(37.1)
Machinery & Infrastructure	26.1	16.6	+9.5
Chemicals	23.6	18.4	+5.2
Iron & Steel Products	1.1	1.0	+0.1
Lifestyle	16.7	16.6	+0.1
Innovation & Corporate Development	14.0	13.2	+0.8
All Other and Adjustments and Eliminations	12.5	12.0	+0.5
Consolidated Total	206.3	225.0	(18.7)

Cash Flows from Investing Activities

(Billions of Yen)	Current Period	Previous Period	Description
Cash flows from investing activities	(126.4)	(190.4)	
Net change in investments to equity accounted investees	(79.1)	(29.8)	
Increase	(200.1)	(74.8)	<ul style="list-style-type: none"> ●Mainstream Renewable Power holding company -79.8 ●Climate Friendly ●Ouro Fino Saúde Animal ●FPSO (Libra MV31) -15.7 ●Power generation business (excluding Mainstream) -12.0
Decrease	121.0	+45.0	<ul style="list-style-type: none"> ●Stanmore Mitsui Coal +54.9 ●Southernwood Property +20.1 ●MT Falcon Holdings +11.6
Net change in other investments	28.6	(39.7)	
Increase	(74.7)	(90.8)	●Large-scale renewable energy project in India
Decrease	103.3	+51.1	●(MI* ¹ , LI* ¹) Sale of FVTOCI financial assets
Net change in property, plant, and equipment	(143.2)	(117.9)	
Increase	(175.6)	(141.5)	<ul style="list-style-type: none"> ●Oil and gas projects -34.7 ●Iron ore mining operations in Australia -34.7 ●Coal mining operations in Australia -20.8 ●Power generation business -13.6
Decrease	32.4	+23.6	
Net change in investment property	31.3	(6.5)	
Increase	(5.2)	(24.3)	
Decrease	36.5	+17.8	●Sale of multiple properties by MBK Real Estate Holdings +32.6
Net change in loan receivables	(1.2)	+55.3	
Net change in time deposits	37.2	(51.8)	

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

Cash Flows from Financing Activities

(Billions of Yen)	Current Period	Previous Period	Description of Current Period
Cash flows from financing activities	(377.7)	(397.5)	
Net change in short-term debt	101.5	(32.8)	
Net change in long-term debt	(0.6)	(23.0)	
(Proceeds from long-term debt)	861.0	825.6	
(Repayments of long-term debt)	(861.6)	(848.6)	
Repayments of lease liabilities	(42.6)	(40.8)	
Purchase and sales of treasury stock-net	(197.1)	(129.0)	
Dividends paid	(198.1)	(148.2)	
Transactions with non-controlling interest shareholders	(40.8)	(23.7)	●Mainly payment of additional acquisition of shares in Mitsui Oil Exploration

(4) Management Issues

1) Revised forecasts for the year ending March 31, 2023

<Assumption>	<u>1-3Q</u> (Actual)	<u>4Q</u> (Forecast)	<u>Mar-23</u> <u>Revised</u> <u>Forecast</u>	<u>Mar-23</u> <u>Previous</u> <u>Forecast</u>
Exchange rate (USD/JPY)	136.85	130.00	135.14	137.65
Crude oil (JCC)	\$108/bbl	\$78/bbl	\$101/bbl	\$97/bbl
Consolidated oil price	\$93/bbl	\$92/bbl	\$92/bbl	\$89/bbl

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Gross Profit	1,340.0	1,300.0	+40.0	Energy
Selling, General and Administrative Expenses	(700.0)	(680.0)	(20.0)	
Gain on Investments, Fixed Assets and Other	100.0	80.0	+20.0	
Interest Expenses	(70.0)	(80.0)	+10.0	
Dividend Income	160.0	140.0	+20.0	
Profit (Loss) of Equity Method Investments	530.0	510.0	+20.0	
Profit before Income Taxes	1,360.0	1,270.0	+90.0	
Income Taxes	(250.0)	(260.0)	+10.0	
Non-controlling Interests	(30.0)	(30.0)	-	
Profit for the Year Attributable to Owners of the Parent	1,080.0	980.0	+100.0	Rate of change: +10.2%

Depreciation and Amortization	280.0	270.0	+10.0	
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Core Operating Cash Flow	1,200.0	1,130.0	+70.0	Rate of change: +6.2%
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- For further major assumptions in addition to oil prices and USD/JPY, please refer to "2) Key commodity prices and other parameters for the year ending March 31, 2023.

The revised forecast for Profit for the Year Attributable to Owners of the Parent by operating segment compared to the previous forecast is as follows:

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Mineral & Metal Resources	415.0	400.0	+ 15.0	Commodity prices
Energy	310.0	230.0	+ 80.0	LNG trading
Machinery & Infrastructure	175.0	175.0	-	
Chemicals	70.0	70.0	-	
Iron & Steel Products	20.0	20.0	-	
Lifestyle	50.0	50.0	-	
Innovation & Corporate Development	60.0	55.0	+ 5.0	
All Other and Adjustments and Eliminations	(20.0)	(20.0)	-	
Consolidated Total	1,080.0	980.0	+ 100.0	

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

(Billions of Yen)	March 31, 2023 Revised forecast (February 2023)	March 31, 2023 Previous forecast (November 2022)	Change	Description
Mineral & Metal Resources	410.0	410.0	-	
Energy	420.0	360.0	+60.0	LNG trading
Machinery & Infrastructure	185.0	180.0	+ 5.0	
Chemicals	95.0	95.0	-	
Iron & Steel Products	15.0	15.0	-	
Lifestyle	25.0	25.0	-	
Innovation & Corporate Development	40.0	35.0	+5.0	
All Other and Adjustments and Eliminations	10.0	10.0	-	
Consolidated Total	1,200.0	1,130.0	+ 70.0	

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

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2023. The effects of movements on each commodity price and foreign exchange rate on Profit for the Year Attributable to Owners of the Parent are included in the table.

Impact on Profit for the Year Attributable to Owners of the Parent for the Year ending March 31, 2023 (Announced in May 2022)			Previous Forecast (Announced in Nov 2022)	March 31, 2023		Revised Forecast (Announced in Feb 2023)	
				1-3Q (Result)	4Q (Assumption)		
Commodity	Crude Oil/JCC	-	97	108	78	101	
	Consolidated Oil Price(*1)	¥2.2 bn (US\$1/bbl)	89	93	92	92	
	U.S. Natural Gas(*2)	¥1.0 bn (US \$0.1/mmBtu)	6.62	6.65(*3)	6.11	6.52	
	Iron Ore(*4)	¥2.2 bn (US\$1/ton)	(*5)	114(*6)	(*5)	(*5)	
	Coal	Coking	¥0.5 bn (US\$1/ton)	(*5)	364(*7)	(*5)	(*5)
		Thermal	¥0.1 bn (US\$1/ton)	(*5)	374(*7)	(*5)	(*5)
	Copper(*8)	¥0.7 bn (US\$100/ton)	8,638	9,085(*9)	8,006	8,815	
Forex (*10)	USD	¥4.6 bn (¥1/USD)	137.65	136.85	130.00	135.14	
	AUD	¥2.5 bn (¥1/AUD)	93.26	93.16	93.00	93.12	
	BRL	¥0.3 bn (¥1/BRL)	25.76	26.50	25.00	26.13	

(*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 time lag. For the year ending March 31, 2023, we have assumed that there is a 4-6 month time lag for approx. 35%, a 1-3 month time lag for approx. 60%, and no time lag for approx. 5%. The above sensitivities show the annual impact of changes in the consolidated oil price.

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

(*3) U.S. gas figures for the year ending March 31, 2023 1-3Q (Result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to September 2022.

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

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

(*6) Iron ore results figures for the year ending March 31, 2023 1-3Q (Result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April to December 2022.

(*7) Coal results figures for the year ending March 31, 2023 1-3Q (Result) 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 from March to December 2022.

(*9) Copper results figures for the year ending March 31, 2023 1-3Q (Result) are the averages of the LME monthly average cash settlement prices for the period from January to September 2022.

(*10) The above sensitivities show the 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 dividends 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 USD and the functional currencies (AUD and BRL) and the impact of currency hedging are not included.

3) Profit Distribution Policy

Our profit distribution policy is as follows:

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

For the current period, we repurchased ¥100.0 billion of our own stock between May 6 and September 22, 2022 following the announcement "Notification of Stock Repurchase" on May 2, 2022. Additionally, on November 1, 2022 we announced a new repurchase program, targeting the addition of a maximum of ¥140.0 billion of shares or a maximum of 60 million shares to be repurchased between November 2, 2022 and February 28, 2023. Between November 2, 2022 and January 31, 2023, we repurchased ¥119.5 billion of our own stock.

Today, we announced the following changes to the repurchase program announced November 1, 2022, regarding the repurchase amount and the number of shares to be repurchased.

- Maximum repurchase amount changed from ¥140.0 billion to ¥240.0 billion.
- Maximum number of shares repurchased changed from 60 million shares to 80 million shares.
- Repurchase period limit to be extended from February 28, 2023 to July 31, 2023.

Furthermore, regarding the cancellation of treasury stock, we announced the following.

- In addition to all shares repurchased between November 2, 2022 and February 28, 2023, a further 10 million shares will also be cancelled on March 13, 2023.
- All shares repurchased between March 1, 2023 and July 31, 2023 will be cancelled on August 31, 2023.

For details, please refer to the "Notification of Partial Amendments to 'Notification of Stock Repurchase and Cancellation of Treasury Stock'" on our website.

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

Taking into consideration the Core Operating Cash Flow and Profit for the Year Attributable to Owners of the Parent in the revised forecasts announced today, as well as the stability and continuity of dividend payments, the year-end dividend for the year ending March 31, 2023 is planned to be ¥135 per share, an upward revision of ¥5 from the forecast announced on November 1, 2022 (an increase of ¥30 from the previous year, including the interim dividend of ¥65).

(5) Significant Accounting Policies and estimates

For further information regarding the significant accounting policies and estimates which are important to our financial condition and results of operation, see [Condensed Consolidated Financial statements 2. Basis of Condensed Consolidated Financial Statements II. Use of Estimates and Judgements].

(6) Research & Development

There are no contracts for which disclosure is required.

3. Material Contracts

There are no contracts for which disclosure is required.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
December 31, 2022 and March 31, 2022

	Millions of Yen	
	December 31, 2022	March 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,245,818	¥ 1,127,868
Trade and other receivables	2,384,499	2,303,140
Other financial assets (Note 13)	1,012,525	997,862
Inventories (Note 13)	1,022,195	949,663
Advance payments to suppliers	276,024	183,370
Other current assets	155,496	154,780
	6,096,557	5,716,683
Non-current Assets:		
Investments accounted for using the equity method (Note 16)	3,814,401	3,387,371
Other investments (Notes 13 and 16)	2,098,109	2,347,414
Trade and other receivables (Notes 13 and 16)	307,861	319,977
Other financial assets (Note 13)	198,851	167,845
Property, plant and equipment (Note 6)	2,239,491	2,190,902
Investment property (Note 6).....	309,277	318,570
Intangible assets	282,390	253,039
Deferred tax assets	98,645	100,743
Other non-current assets	123,403	120,746
	9,472,428	9,206,607
Total assets	¥ 15,568,985	¥ 14,923,290

Condensed Consolidated Statements of Financial Position—(Continued)
Mitsui & Co., Ltd. and subsidiaries
December 31, 2022 and March 31, 2022

	Millions of Yen	
	December 31, 2022	March 31, 2022
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 397,858	¥ 281,831
Current portion of long-term debt (Note 8)	850,010	410,257
Trade and other payables	1,764,961	1,739,149
Other financial liabilities (Notes 12 and 13)	762,529	1,003,156
Income tax payables	52,830	68,456
Advances from customers	237,882	202,074
Provisions	38,437	48,589
Other current liabilities	57,595	55,114
Total current liabilities	4,162,102	3,808,626
Non-current Liabilities:		
Long-term debt, less current portion (Notes 8 and 13)	3,871,689	4,185,375
Other financial liabilities (Notes 12, 13 and 16)	234,993	147,031
Retirement benefit liabilities	39,658	38,045
Provisions	287,144	266,161
Deferred tax liabilities	615,075	653,979
Other non-current liabilities	31,363	28,657
Total non-current liabilities	5,079,922	5,319,248
Total liabilities	9,242,024	9,127,874
Equity:		
Common stock	342,560	342,384
Capital surplus	380,521	376,516
Retained earnings	4,704,641	4,165,962
Other components of equity (Note 9)	853,313	827,441
Treasury stock	(160,608)	(107,098)
Total equity attributable to owners of the parent	6,120,427	5,605,205
Non-controlling interests	206,534	190,211
Total equity	6,326,961	5,795,416
Total liabilities and equity	¥ 15,568,985	¥ 14,923,290

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Nine-Month Periods Ended December 31, 2022 and 2021

	Millions of Yen	
	Nine-month Period Ended December 31, 2022	Nine-month Period Ended December 31, 2021
Revenue (Notes 4, 5 and 13).....	¥ 11,036,515	¥ 8,589,429
Cost (Note 13).....	(10,018,266)	(7,799,646)
Gross Profit (Note 4).....	1,018,249	789,783
Other Income (Expenses):		
Selling, general and administrative expenses	(511,716)	(423,736)
Gain (loss) on securities and other investments-net(Notes 7 and 13)	54,454	(5,696)
Impairment reversal (loss) of fixed assets-net(Note 7).....	(16,090)	(14,285)
Gain (loss) on disposal or sales of fixed assets-net	16,849	11,565
Other income (expense)-net (Note 13).....	22,829	24,838
Total other income (expenses)	(433,674)	(407,314)
Finance Income (Costs):		
Interest income	32,336	14,709
Dividend income	103,394	151,957
Interest expense	(72,930)	(35,878)
Total finance income (costs)	62,800	130,788
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	417,444	318,947
Profit before Income Taxes	1,064,819	832,204
Income Taxes	(202,471)	(181,768)
Profit for the Period	¥ 862,348	¥ 650,436
Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 840,787	¥ 633,256
Non-controlling interests	21,561	17,180
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 533.17	¥ 387.17
Diluted	¥ 532.99	¥ 387.00

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2022 and 2021**

	Millions of Yen	
	Nine-month period ended December, 2022	Nine-month period ended December, 2021
Comprehensive Income:		
Profit for the period	¥ 862,348	¥ 650,436
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(252,116)	(49,453)
Remeasurements of defined benefit pension plans	(777)	752
Share of other comprehensive income of investments accounted for using the equity method	(10,288)	14,026
Income tax relating to items not reclassified	69,509	14,993
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(33,824)	(4,727)
Cash flow hedges	65,733	(27,447)
Share of other comprehensive income of investments accounted for using the equity method	247,380	115,682
Income tax relating to items that may be reclassified	(18,576)	(2,999)
Total other comprehensive income	67,041	60,827
Comprehensive Income for the Period	¥ 929,389	¥ 711,263
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 905,480	¥ 690,339
Non-controlling interests	23,909	20,924

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended December 31, 2022 and 2021

	Millions of Yen	
	Three-month Period Ended December 31, 2022	Three-month Period Ended December 31, 2021
Revenue (Notes 4, 5 and 13)	¥ 3,612,700	¥ 3,173,230
Cost (Note 13)	(3,226,366)	(2,910,870)
Gross Profit (Note 4)	386,334	262,360
Other Income (Expenses):		
Selling, general and administrative expenses	(185,693)	(144,469)
Gain (loss) on securities and other investments-net(Note 13)	36,301	8,920
Impairment reversal (loss) of fixed assets-net.....	(5,264)	(1,576)
Gain (loss) on disposal or sales of fixed assets-net	1,056	5,591
Other income (expense)-net (Note 13).....	6,977	9,551
Total other income (expenses)	(146,623)	(121,983)
Finance Income (Costs):		
Interest income	14,226	5,219
Dividend income	22,478	44,102
Interest expense	(33,274)	(10,054)
Total finance income (costs)	3,430	39,267
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	133,871	111,906
Profit before Income Taxes	377,012	291,550
Income Taxes	(70,698)	(58,624)
Profit for the Period	¥ 306,314	¥ 232,926
 Profit for the Period Attributable to:		
Owners of the parent (Note 4).....	¥ 301,683	¥ 228,626
Non-controlling interests	4,631	4,300
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 193.70	¥ 141.18
Diluted	¥ 193.64	¥ 141.13

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended December 31, 2022 and 2021**

	Millions of Yen	
	Three-month Period Ended December 31, 2022	Three-month Period Ended December 31, 2021
Comprehensive Income:		
Profit for the period	¥ 306,314	¥ 232,926
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	103,354	(14,112)
Remeasurements of defined benefit pension plans	(903)	469
Share of other comprehensive income of investments accounted for using the equity method	(6,679)	5,008
Income tax relating to items not reclassified	(32,223)	4,184
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(47,850)	26,921
Cash flow hedges	175,834	20,729
Share of other comprehensive income of investments accounted for using the equity method	(227,670)	75,385
Income tax relating to items that may be reclassified	(3,732)	(1,993)
Total other comprehensive income	<u>(39,869)</u>	<u>116,591</u>
Comprehensive Income for the Period	¥ <u>266,445</u>	¥ <u>349,517</u>
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 271,686	¥ 341,399
Non-controlling interests	<u>(5,241)</u>	<u>8,118</u>

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2022 and 2021

Millions of Yen	Attributable to owners of the parent							Total Equity
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non-controlling Interests	
Balance as at April 1, 2021	¥ 342,080	¥ 396,238	¥3,547,789	¥ 373,786	¥ (89,473)	¥4,570,420	¥ 252,467	¥4,822,887
Profit for the period			633,256			633,256	17,180	650,436
Other comprehensive income for the period ...				57,083		57,083	3,744	60,827
Comprehensive income for the period			633,256	57,083		690,339	20,924	711,263
Transaction with owners:								
Dividends paid to owners of the parent			(148,206)			(148,206)		(148,206)
Dividends paid to non-controlling interest shareholders							(23,236)	(23,236)
Acquisition of treasury stock					(128,978)	(128,978)		(128,978)
Sales of treasury stock		(197)	(276)		474	1		1
Cancellation of treasury stock			(156,722)		156,722	-		-
Compensation costs related to share-based payment	304	1,449				1,753		1,753
Equity transactions with non-controlling interest shareholders		(67)		(14)		(81)	9,975	9,894
Transfer to retained earnings			(9,622)	9,622		-		-
Balance as at December 31, 2021	¥ 342,384	¥ 397,423	¥3,866,219	¥ 440,477	¥ (61,255)	¥4,985,248	¥ 260,130	¥5,245,378

Millions of Yen	Attributable to owners of the parent							Total Equity
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non-controlling Interests	
Balance as at April 1, 2022	¥ 342,384	¥ 376,516	¥4,165,962	¥ 827,441	¥ (107,098)	¥5,605,205	¥ 190,211	¥5,795,416
Profit for the period			840,787			840,787	21,561	862,348
Other comprehensive income for the period ...				64,693		64,693	2,348	67,041
Comprehensive income for the period			840,787	64,693		905,480	23,909	929,389
Transaction with owners:								
Dividends paid to owners of the parent			(198,082)			(198,082)		(198,082)
Dividends paid to non-controlling interest shareholders							(17,564)	(17,564)
Acquisition of treasury stock					(197,072)	(197,072)		(197,072)
Sales of treasury stock		(201)	(186)		388	1		1
Cancellation of treasury stock			(143,174)		143,174	-		-
Compensation costs related to share-based payment	176	2,546				2,722		2,722
Equity transactions with non-controlling interest shareholders		1,660		513		2,173	9,978	12,151
Transfer to retained earnings			39,334	(39,334)		-		-
Balance as at December 31, 2022	¥ 342,560	¥ 380,521	¥4,704,641	¥ 853,313	¥ (160,608)	¥6,120,427	¥ 206,534	¥6,326,961

Condensed Consolidated Statements of Cash Flows Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2022 and 2021

	Millions of Yen			
	Nine-month period ended December 31, 2022		Nine-month period ended December 31, 2021	
Operating Activities:				
Profit for the period	¥	862,348	¥	650,436
Adjustments to reconcile profit for the period to cash flows from operating activities:				
Depreciation and amortization		206,328		225,043
Change in retirement benefit liabilities		3,286		4,990
Loss allowance.....		15,028		11,186
(Gain) loss on securities and other investments-net		(54,454)		5,696
Impairment (reversal) loss of fixed assets-net		16,090		14,285
(Gain) loss on disposal or sales of fixed assets-net		(16,849)		(11,565)
Interest income, dividend income and interest expense		(89,392)		(154,289)
Income taxes		202,471		181,768
Share of (profit) loss of investments accounted for using the equity method		(417,444)		(318,947)
Valuation (gain) loss related to contingent considerations and others		(2,908)		1,446
Changes in operating assets and liabilities:				
Change in trade and other receivables		22,686		(480,759)
Change in inventories		(36,215)		(247,964)
Change in trade and other payables		(37,057)		353,654
Change in advance payments to suppliers		(86,489)		80,881
Change in other financial assets		(74,436)		(173,734)
Change in accounts payable-other		(45,579)		41,214
Change in derivative assets and liabilities		(43,073)		(70,277)
Change in accounts receivable-other		(40,142)		(12,183)
Other-net		(63,651)		(35,509)
Interest received		58,157		38,670
Interest paid		(59,177)		(36,615)
Dividends received		460,735		430,166
Income taxes paid		(207,043)		(163,257)
Income taxes refunded		26,676		24,687
Cash flows from operating activities		599,896		359,023
Investing Activities:				
Change in time deposits		37,087		(51,742)
Investments in equity accounted investees		(200,144)		(74,823)
Proceeds from sales of investments in equity accounted investees.....		121,035		45,045
Purchases of other investments		(74,689)		(90,783)
Proceeds from sales and maturities of other investments		103,325		51,068
Increases in loan receivables		(15,084)		(19,853)
Collections of loan receivables		13,901		75,144
Purchases of property, plant and equipment.....		(175,529)		(141,506)
Proceeds from sales of property, plant and equipment.....		32,365		23,562
Purchases of investment property		(5,216)		(24,309)
Proceeds from sales of investment property		36,547		17,808
Cash flows from investing activities		(126,402)		(190,389)
Financing Activities:				
Change in short-term debt		101,545		(32,783)
Proceeds from long-term debt		860,997		825,613
Repayments of long-term debt		(861,590)		(848,641)
Repayments of lease liabilities (Note 4).....		(42,644)		(40,802)
Purchases and sales of treasury stock		(197,068)		(128,976)
Dividends paid		(198,082)		(148,206)
Transactions with non-controlling interests shareholders		(40,813)		(23,742)
Cash flows from financing activities		(377,655)		(397,537)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		22,111		6,892
Change in Cash and Cash Equivalents		117,950		(222,011)
Cash and Cash Equivalents at Beginning of Period		1,127,868		1,063,150
Cash and Cash Equivalents at End of Period	¥	1,245,818	¥	841,139

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

Notes to Condensed Consolidated Financial Statements Mitsui & Co., Ltd. and subsidiaries

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the “Company”) is a company incorporated in Japan. Condensed Consolidated Financial Statements of the Company have a quarterly closing date as of December 31 and comprises the financial statements of the Company and its subsidiaries (collectively, the “companies”), and the interests in associated companies and joint ventures (collectively, the “equity accounted investees”).

In each business area including Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Iron & Steel Products, 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 fuel and wellness, and value creation that leverages digital tools.

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS OF PREPARATION

Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard No.34 (“IAS34”) and not all information required in Consolidated Financial Statements as of the end of fiscal year is included. Therefore, Condensed Consolidated Financial Statements should be used with Consolidated Financial Statements of the previous fiscal year.

II. USE OF ESTIMATES AND JUDGMENTS

The preparation of Condensed 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 which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year except for the following.

- Note 7 “IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS”
- Note 13 “FAIR VALUE MEASUREMENT”

No significant changes have been made to the estimation of the impact relating to the spread of COVID-19 for the nine-month period ended December 31, 2022.

III. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 2022 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year.

3. BUSINESS COMBINATIONS

For the nine-month period ended December 31, 2022

No material business combinations were completed during the nine-month period ended December 31, 2022.

For the nine-month period ended December 31, 2021

No material business combinations were completed during the nine-month period ended December 31, 2021.

4. SEGMENT INFORMATION

Nine-month period ended December 31, 2022:	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 1,687,817	¥ 2,786,029	¥ 797,878	¥ 2,469,107	¥ 560,001	¥ 2,556,536	¥ 178,956	¥ 11,036,324
Gross Profit.....	¥ 282,736	¥ 194,762	¥ 147,736	¥ 159,958	¥ 32,029	¥ 117,753	¥ 77,791	¥ 1,012,765
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 103,238	¥ 78,377	¥ 151,668	¥ 21,337	¥ 19,407	¥ 29,914	¥ 13,192	¥ 417,133
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 355,410	¥ 190,776	¥ 131,092	¥ 54,653	¥ 19,527	¥ 42,253	¥ 49,740	¥ 843,451
Core Operating Cash Flow.....	¥ 355,452	¥ 275,920	¥ 158,681	¥ 72,523	¥ 15,435	¥ 31,227	¥ 34,386	¥ 943,624
Total Assets at December 31, 2022.....	¥ 3,058,179	¥ 3,073,133	¥ 3,143,841	¥ 1,800,187	¥ 777,344	¥ 2,619,986	¥ 1,762,115	¥ 16,234,785

Nine-month period ended December 31, 2022:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 191	¥ -	¥ 11,036,515
Gross Profit.....	¥ 1,771	¥ 3,713	¥ 1,018,249
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (29)	¥ 340	¥ 417,444
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (4,755)	¥ 2,091	¥ 840,787
Core Operating Cash Flow.....	¥ 8,770	¥ 8,814	¥ 961,208
Total Assets at December 31, 2022.....	¥ 8,192,819	¥ (8,858,619)	¥ 15,568,985

Nine-month period ended December 31, 2021	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 1,425,948	¥ 1,822,154	¥ 622,967	¥ 2,098,122	¥ 444,371	¥ 2,013,273	¥ 160,992	¥ 8,587,827
Gross Profit.....	¥ 303,657	¥ 41,216	¥ 103,013	¥ 131,990	¥ 25,425	¥ 110,908	¥ 72,180	¥ 788,389
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 102,697	¥ 24,015	¥ 109,101	¥ 14,210	¥ 21,170	¥ 32,453	¥ 15,283	¥ 318,929
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 370,860	¥ 28,290	¥ 92,157	¥ 51,623	¥ 21,254	¥ 42,804	¥ 42,205	¥ 649,193
Core Operating Cash Flow.....	¥ 432,959	¥ 152,902	¥ 113,184	¥ 71,858	¥ 9,193	¥ 33,547	¥ 35,140	¥ 848,783
Total Assets at March 31, 2022.....	¥ 3,180,197	¥ 2,960,412	¥ 2,684,478	¥ 1,692,949	¥ 691,630	¥ 2,428,573	¥ 1,729,006	¥ 15,367,245

Nine-month period ended December 31, 2021	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 1,601	¥ 1	¥ 8,589,429
Gross Profit.....	¥ 2,651	¥ (1,257)	¥ 789,783
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (158)	¥ 176	¥ 318,947
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (4,540)	¥ (11,397)	¥ 633,256
Core Operating Cash Flow.....	¥ 5,159	¥ 8,956	¥ 862,898
Total Assets at March 31, 2022.....	¥ 7,647,360	¥ (8,091,315)	¥ 14,923,290

Millions of Yen								
Three-month period ended December 31, 2022:	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 582,317	¥ 835,531	¥ 280,989	¥ 769,110	¥ 190,930	¥ 879,884	¥ 73,650	¥ 3,612,411
Gross Profit.....	¥ 79,426	¥ 131,600	¥ 50,325	¥ 45,855	¥ 10,941	¥ 29,540	¥ 37,841	¥ 385,528
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 19,630	¥ 33,729	¥ 52,584	¥ 7,438	¥ 4,776	¥ 11,308	¥ 4,274	¥ 133,739
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 108,164	¥ 135,345	¥ 41,429	¥ 15,392	¥ 5,187	¥ 16,533	¥ 14,290	¥ 336,340
Core Operating Cash Flow.....	¥ 85,926	¥ 151,151	¥ 66,074	¥ 21,649	¥ 8,183	¥ 12,186	¥ 16,183	¥ 361,352

Millions of Yen			
Three-month period ended December 31, 2022:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 289	¥ -	¥ 3,612,700
Gross Profit	¥ 805	¥ 1	¥ 386,334
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 32	¥ 100	¥ 133,871
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (2,243)	¥ (32,414)	¥ 301,683
Core Operating Cash Flow.....	¥ 5,715	¥ (17,365)	¥ 349,702

Millions of Yen								
Three-month period ended December 31, 2021	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 493,162	¥ 728,431	¥ 239,183	¥ 749,649	¥ 161,234	¥ 752,076	¥ 48,912	¥ 3,172,647
Gross Profit.....	¥ 93,059	¥ 17,326	¥ 36,132	¥ 45,983	¥ 9,190	¥ 41,868	¥ 18,564	¥ 262,122
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 35,213	¥ 9,624	¥ 41,077	¥ 3,970	¥ 8,362	¥ 9,516	¥ 4,192	¥ 111,954
Profit for the Period Attributable to Owners of the parent.....	¥ 99,868	¥ 33,101	¥ 39,266	¥ 24,035	¥ 9,080	¥ 21,944	¥ 11,427	¥ 238,721
Core Operating Cash Flow.....	¥ 192,349	¥ 65,789	¥ 36,091	¥ 28,341	¥ 3,764	¥ 11,410	¥ 8,501	¥ 346,245

Millions of Yen			
Three-month period ended December 31, 2021	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 582	¥ 1	¥ 3,173,230
Gross Profit	¥ 952	¥ (714)	¥ 262,360
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (86)	¥ 38	¥ 111,906
Profit for the Period Attributable to Owners of the parent.....	¥ 1,820	¥ (11,915)	¥ 228,626
Core Operating Cash Flow.....	¥ 7,416	¥ (17,617)	¥ 336,044

Notes:(1)“All Other” includes Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of “All Other” at December 31, 2022 and March 31, 2022 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

(2)Transfers between reportable segments are made at cost plus a markup.

(3)Profit (Loss) for the Period Attributable to Owners of the parent of “Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.

(4) Core Operating Cash Flow is calculated by deducting the total of the “Changes in Operating Assets and Liabilities” from the “Cash Flows from Operating Activities”, and further deducting the “Repayments of lease liabilities” in the “Cash Flows from Financing Activities” from it, in the Condensed Consolidated Statements of Cash Flows.

5. REVENUE

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.4 “SEGMENT INFORMATION”. Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

Nine-month period ended December 31, 2022:	Millions of Yen								
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 1,457,086	¥ 1,314,086	¥ 719,751	¥ 2,447,514	¥ 556,641	¥ 1,639,278	¥ 126,435	¥ 415	¥ 8,261,206

Nine-month period ended December 31, 2021:	Millions of Yen								
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 1,183,851	¥ 757,948	¥ 568,193	¥ 2,079,988	¥ 433,607	¥ 1,527,113	¥ 113,018	¥ 397	¥ 6,664,115

6. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Property, plant and equipment

The amounts of acquisitions (excluding acquisitions through business combination) and disposals of property, plant and equipment for the nine-month period ended December 31, 2022 were ¥204,030 million and ¥48,798 million, respectively.

The amount of transfers to and from investment property for the nine-month period ended December 31, 2022 was not material.

The amounts of acquisitions (excluding acquisitions through business combinations) and disposals of property, plant and equipment for the nine-month period ended December 31, 2021 were ¥189,789 million and ¥61,296 million, respectively.

The net amount of transfers to investment property for the nine-month period ended December 31, 2021 was ¥30,196 million.

Please refer to Note 3. for significant acquisitions from business combinations.

Investment property

The amount of disposals of investment property for the nine-month period ended December 31, 2022 was ¥24,054 million.

The amount of acquisitions (excluding acquisitions through business combination) and the amount of transfers to and from property, plant and equipment for the nine-month period ended December 31, 2022 were not material.

The amount of acquisitions (excluding acquisitions through business combinations) of investment property for the nine-month period ended December 31, 2021 was ¥23,115 million and the amount of disposals was not material.

The net amount of transfers from property, plant and equipment for the nine-month period ended December 31, 2021 was ¥30,196 million.

Please refer to Note 3. for significant acquisitions from business combinations.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the nine-month period ended December 31, 2022, an impairment loss of ¥8,411 million in the Machinery & Infrastructure Segment engaged in the passenger railway business in Brazil was recorded in “Impairment reversal (loss) of fixed assets – net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of intangible assets to the recoverable amount of ¥48,808 million. The impairment loss was mainly related to a decrease in revenue and an increase in the discount rate. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

For the nine-month period ended December 31, 2021, Mitsui & Co., Ltd. recognized an impairment loss of ¥9,749 million in the Machinery & Infrastructure Segment, with the conclusion of the sale and purchase agreement to sell its entire interest in MT Falcon Holdings S.A.P.I.de C.V., an equity accounted investee which owns and operates gas combined-cycle power plants and a gas-pipeline in Mexico. The impairment loss for the related investment accounted for using the equity method is recorded in “Gain (loss) on securities and other investments – net” in the Condensed Consolidated Statements of Income.

The amounts of reversals of impairment losses for assets for the nine-month period ended December 31, 2022 and 2021 were not material.

8. ISSUES AND REPAYMENTS OF BONDS

The total amount of repaid bonds for the nine-month period ended December 31, 2022 was not material. The total amount of issued bonds for the nine-month period ended December 31, 2022 was not material.

The total amount of repaid bonds for the nine-month period ended December 31, 2021 was none. The total amount of issued bonds for the nine-month period ended December 31, 2021 was not material.

9. EQUITY

Changes in other components of equity for the nine-month period ended December 31, 2022 and 2021 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Financial Assets Measured at FVTOCI:		
Balance at beginning of period	¥ 465,091	¥ 367,227
Increase (decrease) during the period	(192,995)	(21,995)
Transfer to retained earnings	(40,044)	11,391
Balance at end of period	¥ 232,052	¥ 356,623
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period	¥ -	¥ -
Increase (decrease) during the period	(710)	1,769
Transfer to retained earnings	710	(1,769)
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period	¥ 478,584	¥ 81,847
Increase (decrease) during the period	120,896	82,545
Balance at end of period	¥ 599,480	¥ 164,392
Cash Flow Hedges:		
Balance at beginning of period	¥ (116,234)	¥ (75,288)
Increase (decrease) during the period	138,015	(5,250)
Balance at end of period	¥ 21,781	¥ (80,538)
Total:		
Balance at beginning of period	¥ 827,441	¥ 373,786
Increase (decrease) during the period	65,206	57,069
Transfer to retained earnings	(39,334)	9,622
Balance at end of period	¥ 853,313	¥ 440,477

10. DIVIDENDS

During the nine-month period ended December 31, 2022 and 2021, the Company paid dividends of ¥125 per share (total dividend of ¥198,082 million) and ¥90 per share (total dividend of ¥148,206 million), respectively.

11. 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 nine-month and three-month periods ended December 31, 2022 and 2021:

	Nine-month Period Ended December 31, 2022			Nine-month Period Ended December 31, 2021		
	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:	¥ 840,787	1,576,961	¥ 533.17	¥ 633,256	1,635,614	¥ 387.17
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(8)	-		(5)	-	
Stock options	-	525		-	693	
Diluted earnings per share attributable to owners of the parent:	¥ 840,779	1,577,486	¥ 532.99	¥ 633,251	1,636,307	¥ 387.00
	Three-month Period Ended December 31, 2022			Three-month Period Ended December 31, 2021		
	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:	¥ 301,683	1,557,438	¥ 193.70	¥ 228,626	1,619,371	¥ 141.18
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(3)	-		(1)	-	
Stock options	-	488		-	617	
Diluted earnings per share attributable to owners of the parent:	¥ 301,680	1,557,926	¥ 193.64	¥ 228,625	1,619,988	¥ 141.13

12. 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 December 31, 2022 and March 31, 2022. 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 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 December 31, 2022.

Millions of Yen				
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
December 31, 2022				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 378,308	¥ 139,949	¥ 2,722	¥ 137,227
Guarantees for investments accounted for using the equity method	817,325	524,099	234,097	290,002
Performance guarantees				
Guarantees for third parties	40,273	34,012	28,022	5,990
Guarantees for investments accounted for using the equity method	68,424	48,736	3,202	45,534
Total	<u>¥ 1,304,330</u>	<u>¥ 746,796</u>	<u>¥ 268,043</u>	<u>¥ 478,753</u>

Millions of Yen

	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2022				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 348,757	¥ 125,847	¥ 2,742	¥ 123,105
Guarantees for investments accounted for using the equity method	756,190	511,166	190,834	320,332
Performance guarantees				
Guarantees for third parties	43,246	40,758	27,027	13,731
Guarantees for investments accounted for using the equity method	56,828	47,758	1,676	46,082
Total	<u>¥ 1,205,021</u>	<u>¥ 725,529</u>	<u>¥ 222,279</u>	<u>¥ 503,250</u>

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 December 31, 2022 and March 31, 2022 will expire through 2028.

Guarantees for investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for 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 December 31, 2022 and March 31, 2022 will expire through 2029.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of December 31, 2022 and March 31, 2022.

Millions of Yen

	December 31, 2022	March 31, 2022
Within 1 year	¥ 467,034	¥ 389,343
After 1 to 5 years	219,963	229,310
After 5 years	617,333	586,368
Total	<u>¥ 1,304,330</u>	<u>¥ 1,205,021</u>

II. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising from the conduct of the companies' businesses. 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.

13. 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:

Other Investments (which maturities of 1 year or less has been classified as "Other financial assets".)

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using the 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 adjustment and classified as level 2. The amounts of costs to sell as of December 31, 2022 and March 31, 2022 were not material.

(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 December 31, 2022 and March 31, 2022 were as follows. No assets or liabilities were transferred between level 1 and 2 for the nine-month period ended December 31, 2022 and 2021.

December 31, 2022	Millions of Yen				
	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets (Note2):					
Other financial assets (Current):					
Financial assets measured at FVTPL.....	-	-	¥ 1,881		
Total other financial assets.....	-	-	¥ 1,881	-	¥ 1,881
Other investments:					
Financial assets measured at FVTPL.....	¥ 7,659	-	¥ 315,297		
Financial assets measured at FVTOCI.....	1,141,751	-	621,460		
Total other investments	¥ 1,149,410	-	¥ 936,757	-	¥ 2,086,167
Derivative assets:					
Foreign exchange contracts.....	-	¥ 174,377	-		
Interest rate contracts.....	-	36,232	-		
Commodity contracts.....	¥ 136,918	1,575,841	¥ 11,742		
Others.....	-	-	28,296		
Total derivative assets	¥ 136,918	¥ 1,786,450	¥ 40,038	¥ (1,388,589)	¥ 574,817
Inventories.....	-	¥ 193,407	-	-	193,407
Total assets.....	¥ 1,286,328	¥ 1,979,857	¥ 978,676	¥ (1,388,589)	¥ 2,856,272
Liabilities (Note3):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 183,626	-		
Interest rate contracts.....	-	42,194	-		
Commodity contracts.....	¥ 105,543	1,541,497	¥ 4,564		
Others.....	-	-	11,478		
Total derivative liabilities	¥ 105,543	¥ 1,767,317	¥ 16,042	¥ (1,328,563)	¥ 560,339
Total liabilities.....	¥ 105,543	¥ 1,767,317	¥ 16,042	¥ (1,328,563)	¥ 560,339

Millions of Yen

March 31, 2022

	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other financial assets (Current):					
Financial assets measured at FVTPL.....	-	-	¥ 554		
Total other financial assets.....	-	-	¥ 554	-	¥ 554
Other investments:					
Financial assets measured at FVTPL.....	¥ 8,517	-	¥ 259,241		
Financial assets measured at FVTOCI.....	1,335,522	-	732,436		
Total other investments	¥ 1,344,039	-	¥ 991,677	-	¥ 2,335,716
Derivative assets:					
Foreign exchange contracts.....	-	¥ 119,211	-		
Interest rate contracts.....	-	47,883	-		
Commodity contracts.....	¥ 104,675	2,513,315	¥ 12,649		
Others.....	-	-	22,364		
Total derivative assets	¥ 104,675	¥ 2,680,409	¥ 35,013	¥ (2,176,203)	¥ 643,894
Inventories.....	-	¥ 271,749	-	-	271,749
Total assets.....	¥ 1,448,714	¥ 2,952,158	¥ 1,027,244	¥ (2,176,203)	¥ 3,251,913
Liabilities (Note2):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 166,076	-		
Interest rate contracts.....	-	12,246	-		
Commodity contracts.....	¥ 203,761	2,430,220	¥ 2,239		
Others.....	-	-	7,633		
Total derivative liabilities	¥ 203,761	¥ 2,608,542	¥ 9,872	¥ (2,146,515)	¥ 675,660
Total liabilities.....	¥ 203,761	¥ 2,608,542	¥ 9,872	¥ (2,146,515)	¥ 675,660

Note1: 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.

Note2: The amounts of Trade and other receivables measured at FVTPL were immaterial.

Note3: The amounts of financial liabilities measured at FVTPL were immaterial.

Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The reconciliation of financial assets measured at FVTPL for the nine-month period ended December 31, 2022 and 2021 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Balance at beginning of period	¥ 259,795	¥ 114,944
Classification change (Note1).....	-	33,922
Gains (losses)	(1,780)	14,402
Purchases (Note1).....	63,412	79,018
Sales/Redemptions	(9,549)	(6,309)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note2)	-	(10,095)
Others (Note3)	5,300	(178)
Balance at end of period	¥ 317,178	¥ 225,704
Net change in unrealized gains (losses) still held at end of period	¥ (3,757)	¥ 15,079

Note 1: During the nine-month period ended December 31, 2021, the corporate bond denominated in JPY 33,000 million issued by CT Corpora has been replaced to the convertible bond and the other convertible bond denominated in JPY 67,000 million newly issued by CT Corpora has been subscribed by the Company. In the above reconciliation, the amount transferred from financial assets measured at amortized cost to financial assets measured at FVTPL due to the replacement from the corporate bond to the convertible bond is included in "Classification change", and the amount subscribed for the newly issued convertible bond is included in "Purchases".

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 foreign exchange rates (including in the foreign currency translation adjustments), in scope of consolidation and others.

Gains (losses) related to financial assets measured at FVTPL for the nine-month period ended December 31, 2022 and 2021 were included in "Revenue" and "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statements of Income.

The reconciliation of financial assets measured at FVTOCI for the nine-month period ended December 31, 2022 and 2021 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2021
Balance at beginning of period	¥ 732,436	¥ 709,166
Other comprehensive income (Note1).....	(103,095)	12,974
Purchases	11,142	13,534
Sales	(23,203)	(3,815)
Transfers into Level 3 (Note2).....	-	528
Transfers out of Level 3 (Note3)	-	(11,098)
Others (Note4)	4,180	9,100
Balance at end of period	¥ 621,460	¥ 730,389

Note1: "Other comprehensive income" for the nine-month period ended December 31, 2021 increased mainly due to the effect of change in foreign exchange rates. "Other comprehensive income" for the nine-month period ended December 31, 2022 decreased mainly due to the decrease of fair value in investment in LNG project

by the uncertainty arising from the Russian LNG business, in spite of the positive effect of change in foreign exchange rates. For the details of the decrease of fair value in investment in LNG project by the uncertainty arising from the Russian LNG business, please refer to Note 16“IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS”.

Note2:“Transfers into Level 3” is due to the transfer from Level 1 as a result of delisting.

Note3: “Transfers out of Level 3” is due to the transfer into Level 1 as the initial public offering of the shares.

Note4: “Others” includes the effect of changes in scope of consolidation and others.

Other comprehensive income related to financial assets measured at FVTOCI for the nine-month period ended December 31, 2022 and 2021 were included in “Financial assets measured at FVTOCI” and “Foreign currency translation adjustments” in Condensed Consolidated Statements of Comprehensive Income.

The reconciliation of derivative assets for the nine-month period ended December 31, 2022 and 2021 were as follows:

	Millions of Yen			
	Nine-month period ended		Nine-month period ended	
	December 31, 2022		December 31, 2021	
Balance at beginning of period	¥	35,013	¥	18,561
Gains (losses) (Note1).....		5,436		15,252
Other comprehensive income		260		(5)
Purchases		20		-
Set off		(691)		(3,467)
Transfers out of Level 3 (Note2).....		-		(454)
Balance at end of period	¥	40,038	¥	29,887
Net change in unrealized gains (losses) still held at end of period	¥	5,436	¥	15,252

Note 1: “Gains (losses)” for the nine-month period ended December 31, 2021 increased mainly due to the effect of changes in commodity price.

Note 2: “Transfers out of Level 3” is due to the transfer into Level 2 related to changes in measurement for derivative commodity instruments.

The reconciliation of derivative liabilities for the nine-month period ended December 31, 2022 and 2021 were as follows:

	Millions of Yen			
	Nine-month period ended December 31, 2022		Nine-month period ended December 31, 2021	
Balance at beginning of period	¥	9,872	¥	6,053
Gains (losses)		5,791		4,053
Other comprehensive income		221		215
Purchases		1,272		-
Set off		(1,114)		(67)
Transfers out of Level 3 (Note1).....		-		(368)
Balance at end of period	¥	16,042	¥	9,886
Net change in unrealized gains (losses) still held at end of period	¥	5,791	¥	4,053

Note 1: “Transfers out of Level 3” is due to the transfer into Level 2 related to changes in measurement for derivative commodity instruments.

Gains (losses) of above table in relation to the derivative assets and liabilities for the nine-month period ended December 31, 2022 and 2021 have been recorded in “Revenue”, “Cost” and “Other income (expense) - net” in the Condensed Consolidated Statements of Income. Other comprehensive income has been recorded in “Foreign currency translation adjustments” and “Cash flow hedges” in Condensed 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 December 31, 2022 and March 31, 2022 were as follows:

December 31, 2022	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL	Income approach	Discount rate	6.5% ~ 34.6%
Financial assets measured at FVTOCI			
March 31, 2022	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL	Income approach	Discount rate	6.5% ~ 20.7%
Financial assets measured at FVTOCI			

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 decrease from US\$85/bbl in the short term to US\$70/bbl level in a few years and US\$75/bbl in around 2030, 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 using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value. For securities related to LNG business, increase (decrease) in the price of crude oil would result in a higher (lower) fair value.

(4) Fair value of non-current financial assets and liabilities

The fair values of financial instruments as of December 31, 2022 and March 31, 2022 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			
	December 31, 2022		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 11,942	¥ 11,831	¥ 11,698	¥ 11,930
Non-current receivables				
Trade and other receivables (Note 1) and other financial assets (excluding derivative assets) (Note 2)	406,523	406,474	389,849	389,838
Non-current liabilities				
Long-term debt, less current portion (Note 1) and other financial liabilities (excluding derivative liabilities) (Note 2)	¥ 3,993,050	¥ 4,029,413	¥ 4,272,785	¥ 4,322,656

Note1: Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds payable. The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates are estimated by discounted cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

Note2: The fair values of Other financial assets and Other financial liabilities (excluding derivative assets and liabilities) approximate their respective carrying amounts.

The Company has presented the other financial assets and the other financial liabilities by excluding the derivative assets and the derivative liabilities measured at fair value.

14. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY LLC

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

The profit and loss related to this incident recognized in the nine-month period ended December 31, 2022 and 2021, and the outstanding balance of related provision as of December 31, 2022 are immaterial.

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

15. IMPACT OF THE SECURITY SITUATION IN NORTHERN MOZAMBIQUE ON LNG PROJECT

The Company participates in the Mozambique LNG Project through Mitsui E&P Mozambique Area 1, its joint venture in the Energy Segment. In April 2021, all project personnel evacuated the project site due to the deteriorating security situation in northern Mozambique where the project site is located, and on April 26, 2021, the project operator, TotalEnergies of France, announced that it had declared force majeure under the Joint Operating Agreement.

While the prospect of this project is still under examination, the company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

16. IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS

The Russian LNG business in which the Company, its subsidiary, and the equity accounted investee in the Energy Segment have invested, financed and guaranteed, is affected by the Russia-Ukraine situation that has been ongoing since February 2022 and the resulting sanctions against Russia, etc. Based on discussions with each partner, the Company has evaluated its relevant assets and liabilities.

In relation to the investment in Sakhalin II project that was held by Mitsui Sakhalin Holdings, a subsidiary of the Company, all the rights and obligations of Sakhalin Energy Investment Company, an original operator of the project, have been transferred to Sakhalin Energy LLC ("SELLC") established based on Russian Presidential Decree (No.416) dated June 30, 2022 and Resolution of the Government of the Russian Federation dated August 2, 2022 (No.1369). Accordingly, we submitted to the Government of the Russian Federation the notice of consent to take the ownership of SELLC. The notice of consent was approved and MIT SEL Investment, a newly established subsidiary of the Company, has undertaken the ownership on September 2, 2022. Consequently, we continue to invest in Sakhalin II project before and after the aforementioned reorganization and it does not impact on the Condensed Consolidated Financial Statements.

On the other hand, the situation still remains uncertain as the final LLC Members composition is not yet decided and the relevant LLC Members agreement is not signed, etc. Under this situation, the fair value of our investment in Sakhalin II project was measured using the income approach by expected present value technique and the probability-weighted average considering a scenario where the continuous dividend income is expected from SELLC and other scenarios. As a result, the fair value decreased by ¥130,892 million from the balance at March 31, 2022, and the valuation difference is recorded in "Financial assets measured at FVTOCI" in the Condensed Consolidated Statements of Comprehensive Income. The outstanding balances of "Other investments" in the Condensed Consolidated Statements of Financial Position related to this project at December 31, 2022 and March 31, 2022 were ¥92,998 million and ¥208,154 million, respectively. The fair value may increase or decrease due to changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG, an equity accounted investee that invests in and finances the Arctic LNG 2 project, and the assets value held by Japan Arctic LNG were revaluated during the current period based on the rating of the Russian Federation, however the profit / loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) at December 31, 2022 and March 31, 2022 were ¥15,233 million and ¥14,374 million, respectively. The balance of financial guarantees as contingent liabilities were ¥154,379 million and ¥182,160 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" were ¥18,845 million and ¥18,097 million, respectively.

These estimates may be affected by uncertain future developments in Russia and Ukraine, and any further changes in the credit rating of the Russian Federation. Also, any changes in the Company's policies regarding its Russian LNG business may have a significant impact on the amounts of related investments, loans and financial guarantees in the consolidated financial statements for the next quarter period and thereafter.

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

17. SUBSEQUENT EVENTS

Acquisition of Additional Shares in Aim Services

The Company holds 50% stake in Aim Services Co., Ltd. ("Aim"), a major contract food service company in Japan. On February 2, 2023, the Company concluded a share purchase agreement with the U.S. company Aramark, the other shareholder, to acquire a 50% stake in Aim. After the acquisition of the additional shares for USD535 million (approximately ¥70 billion), Aim will become a subsidiary of Mitsui. The share purchase is anticipated to close in the 1st quarter of the fiscal year ending March 31, 2024.

Partial Amendments to Stock Repurchase and Cancellation of Treasury Stock

At the meeting of the Board of Directors held on November 1, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act, and to cancel treasury stock in accordance with Article 178 of the said Act. At the meeting of the Board of Directors held on February 3, 2023, the Company resolved to change the resolution as per the following details:

1. Reasons for change

To further enhance shareholder returns and improve capital efficiency.

2. Details of changes to repurchase

Changed points underlined.

	Before Change (November 1, 2022 Board of Directors resolution)	After Change
(1) Class of shares	Common stock of the Company	Common stock of the Company
(2) Total number of common stock to be repurchased	<u>Up to 60 million shares</u> <u>(Up to 3.8% of the total number of</u> <u>outstanding shares of common stock,</u> <u>excluding treasury stock)</u>	<u>Up to 80 million shares</u> <u>(Up to 5.2% of the total number of</u> <u>outstanding shares of common stock,</u> <u>excluding treasury stock)</u>
(3) Total repurchase amount	<u>Up to 140,000 million yen</u>	<u>Up to 240,000 million yen</u>
(4) Repurchase period	<u>From November 2, 2022 to February</u> <u>28, 2023</u>	<u>From November 2, 2022 to July 31,</u> <u>2023</u>
(5) Repurchase method	(i) Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Purchases through auction market on Tokyo Stock Exchange based on a discretionary trading agreement	(i) Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Purchases through auction market on Tokyo Stock Exchange based on a discretionary trading agreement

3. Details of changes to cancellation

Changed points underlined.

	Before Change (November 1, 2022 Board of Directors resolution)	After Change
(1) Class of shares	Common stock of the Company	Common stock of the Company
(2) Total number of treasury stock to be cancelled	<u>All shares of common stock to be repurchased pursuant to 2 above and additional 10 million shares (all together up to 4.4% of the total number of outstanding shares)</u>	<u>All shares of common stock to be repurchased pursuant to 2 above and additional 10 million shares (all together up to 5.7% of the total number of outstanding shares)</u>
(3) Scheduled date of cancellation	<u>March 13, 2023</u>	<u>(i) All shares of common stock purchased from November 2, 2022 to February 28, 2023 and additional 10 million shares on March 13, 2023</u> <u>(ii) All shares of common stock to be repurchased from March 1, 2023 to July 31, 2023: August 31, 2023</u>

18. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issue of Condensed Consolidated Financial Statements was authorized by Kenichi Hori, Representative Director, President and CEO, and Tetsuya Shigeta, Representative Director, Executive Managing Officer and CFO, on February 13, 2023.