

Quarterly Securities Report
for the Six-Month Period Ended September 30, 2023

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2023, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 9, 2023.

Mitsui & Co., Ltd.

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As used in this report, "Mitsui" is used to 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 September 30, 2023 and 2022 and as of or for the year ended March 31, 2023

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2022	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	As of or for the year ended March 31, 2023
Consolidated financial data					
Revenue	¥ 6,377,438	7,423,815	3,228,307	3,703,284	14,306,402
Gross profit	¥ 608,394	631,915	307,664	318,485	1,396,228
Profit for the period attributable to owners of the parent	¥ 456,261	539,104	203,411	264,104	1,130,630
Comprehensive income for the period attributable to owners of the parent	¥ 889,688	633,794	298,586	321,388	1,224,588
Total equity attributable to owners of the parent	¥ —	—	7,061,535	6,045,282	6,367,750
Total assets	¥ —	—	16,644,581	16,037,751	15,380,916
Basic earnings per share attributable to owners of the parent (Yen)	¥ 301.42	339.69	134.93	167.28	721.82
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 301.24	339.57	134.83	167.22	721.41
Equity attributable to owners of the parent ratio	% —	—	42.43	37.69	41.40
Cash flows from operating activities	¥ 466,496	310,370	—	—	1,047,537
Cash flows from investing activities	¥ (296,519)	(132,001)	—	—	(178,341)
Cash flows from financing activities	¥ (430,761)	(307,957)	—	—	(634,685)
Cash and cash equivalents at end of period	¥ —	—	1,197,297	1,066,610	1,390,130

(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, 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 six-month period ended September 30, 2023.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2023, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2023.

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 September 30, 2023, unless otherwise indicated.

(1) Operating Environment

In the six-month period ended September 30, 2023, the US economy was generally firm while growth in Europe stalled and China's recovery weakened. As a result, the overall global economy continued to slow.

In the US, even though the effects of monetary tightening appeared across the economy, the economy showed overall strength, supported by persistent consumer spending against a backdrop of solid employment and income. Looking ahead, the economy is expected to gradually slow due to the effects of the monetary tightening carried out so far. In Europe, high inflation put pressure on consumer spending and the economy continued to stall. Looking ahead, stagnation is expected to continue due to continued monetary tightening, and a slow recovery in China, a major export destination for the region. In Japan, as economic activity continued to normalize, inbound demand also picked up and the economy continued to recover. Looking ahead, the economy is expected to continue to recover moderately due to expected growth in personal consumption against a backdrop of improvements in employment and income. In China, investment in real estate development decreased and exports were sluggish leading to a weakened economic recovery. Looking ahead, with both domestic and foreign demand lacking momentum, there are concerns over a prolonging of the situation in the real estate market. However, policies are being put in place and there are expectations that the economy is bottoming out. In Brazil, interest rates were lowered in August as inflation eased, and there have been signs of a pick-up in the economy, mainly in exports. In Russia, although high oil prices have provided support, downward pressure on economic activity is expected to remain due to economic sanctions imposed by the international community.

Looking ahead, the global economy is expected to slow due to continued tight monetary policy in the US, Europe, and other developed countries, as well as concerns over the economy in China. There are also concerns over instability in the Middle East.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		6,377.4	7,423.8	(1,046.4)
Gross Profit		608.4	631.9	(23.5)
Selling, General and Administrative Expenses		(391.8)	(326.0)	(65.8)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	134.1	18.2	+115.9
	Impairment Reversal (Loss) of Fixed Assets—Net	(4.0)	(10.8)	+6.8
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	8.2	15.8	(7.6)
	Other Income (Expense)—Net	(13.7)	15.9	(29.6)
Finance Income (Costs)	Interest Income	34.2	18.1	+16.1
	Dividend Income	54.0	80.9	(26.9)
	Interest Expense	(80.5)	(39.7)	(40.8)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		244.9	283.6	(38.7)
Income Taxes		(124.6)	(131.8)	+7.2
Profit for the Period		469.3	556.0	(86.7)
Profit for the Period Attributable to Owners of the Parent		456.3	539.1	(82.8)

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

Revenue

Revenue for the six-month period ended September 30, 2023 (“current period”) was ¥6,377.4 billion, a decrease of ¥1,046.4 billion from ¥7,423.8 billion for the corresponding six-month period of the previous year (“previous period”).

Gross Profit

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

Selling, General and Administrative Expenses

The table below provides a breakdown of Selling, General and Administrative Expenses.

	Billions of Yen		
	Current Period	Previous Period	Change
Personnel	¥ (208.4)	¥ (179.0)	¥ (29.4)
Welfare	(7.5)	(6.4)	(1.1)
Travel	(15.4)	(11.0)	(4.4)
Entertainment	(3.4)	(2.7)	(0.7)
Communication	(29.9)	(26.2)	(3.7)
Rent	(6.7)	(5.5)	(1.2)
Depreciation	(24.2)	(20.4)	(3.8)
Fees and Taxes	(6.3)	(7.4)	+1.1
Loss Allowance	(15.6)	(7.2)	(8.4)
Others	(74.4)	(60.2)	(14.2)
Total	¥ (391.8)	¥ (326.0)	¥ (65.8)

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

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, mainly the Machinery & Infrastructure segment, the Lifestyle segment and the Innovation & Corporate Development segment recorded profits related to securities.

For the previous period, mainly the Innovation & Corporate Development segment recorded a gain on sale of securities, whereas the Machinery & Infrastructure segment recorded an impairment loss.

Impairment Reversal (Loss) of Fixed Assets—Net

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

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

For the previous and current periods, mainly the Innovation & Corporate Development segment recorded a gain on sale of fixed assets.

Other Income (Expense)—Net

For the previous and current periods, multiple segments recorded profits and losses related to foreign exchange, commodity prices, and interest rates. Also, the Lifestyle segment recorded a valuation loss on an options contract.

Finance Income (Costs)

Dividend Income

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

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

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

Income Taxes

Income taxes for the current period were ¥124.6 billion, a decrease of ¥7.2 billion from ¥131.8 billion for the previous period. The effective tax rate for the current period was 21.0%, an increase of 1.8 points from 19.2% for the previous period.

Profit for the Period Attributable to Owners of the Parent

As a result, profit for the period attributable to owners of the parent was ¥456.3 billion, a decrease of ¥82.8 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 is 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	134.6	247.2	(112.6)	
Gross Profit	158.2	203.3	(45.1)	<ul style="list-style-type: none"> • Mitsui Resources -35.7 (lower metallurgical coal prices) • Iron ore mining operations in Australia -6.0 (lower iron ore prices)
Profit (Loss) of Equity Method Investments	25.1	83.6	(58.5)	<ul style="list-style-type: none"> • Decrease due to sale of Stanmore SMC • Oriente Copper Netherlands*¹ -22.2 (impairment loss*² -12.2, new mining royalty in Chile -6.3) • INNER MONGOLIA ERDOS ELECTRIC POWER AND METALLURGY GROUP -8.0 (lower prices in ferroalloys and chemicals businesses) • Japan Collahuasi Resources*³ -5.2 (costs increase, volume decrease)
Dividend Income	28.8	42.7	(13.9)	<ul style="list-style-type: none"> • Lower dividends from Vale -10.5 (current period 16.1, previous period 26.6)
Selling, General and Administrative Expenses	(19.2)	(16.2)	(3.0)	
Others	(58.3)	(66.2)	+7.9	<ul style="list-style-type: none"> • Increase of interest income from iron ore mining operations in Australia +4.1 • Mitsui Resources foreign exchange related loss -3.5 • Absence of copper price hedge profit recorded in the previous period • Increase in interest expense at Oriente Copper Netherlands*¹ -3.0

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

*2 Recorded an equity method loss of ¥12.2 billion due to a change in the properties of the ore and a revision in the production plan regarding Anglo American Sur.

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

Energy

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	26.0	55.4	(29.4)	
Gross Profit	56.2	63.2	(7.0)	<ul style="list-style-type: none"> • Mitsui E&P Australia -30.4 (volume decrease) • Mitsui E&P USA -20.2 (lower gas prices) • MEP Texas Holdings -5.5 (lower oil and gas prices) • Mitsui E&P Italia B -3.4 (lower oil prices) • Increase in LNG trading (absence of derivative valuation losses recorded in the previous period)
Profit (Loss) of Equity Method Investments	35.4	44.6	(9.2)	<ul style="list-style-type: none"> • Decrease in Japan Australia LNG (MIMI) (lower oil and gas prices)
Dividend Income	10.9	25.4	(14.5)	<ul style="list-style-type: none"> • 4 LNG projects*¹ -13.7 (current period 10.5, previous period 24.2)
Selling, General and Administrative Expenses	(31.8)	(30.1)	(1.7)	
Others	(44.7)	(47.7)	+3.0	<ul style="list-style-type: none"> • Foreign exchange related profit from LNG trading hedge +6.2 • MOEX North America +5.3 (derivative related profit and loss) • Increase in interest expense at several business divisions within Mitsui & Co. HQ -10.4 • Foreign exchange hedging loss related to fuel supply trading and other factors -6.3 • Mitsui Oil Exploration (recorded geothermal steam release related expenses)

*1 Abu Dhabi, Oman, Qatar, and Sakhalin II.

Machinery & Infrastructure

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	164.4	89.7	+74.7	
Gross Profit	118.9	97.4	+21.5	<ul style="list-style-type: none"> • BAF (change of earnings contribution period)^{*1} +11.0 • Absence of profit from Brazilian passenger railway business recorded in the previous period
Profit (Loss) of Equity Method Investments	119.0	99.1	+19.9	<ul style="list-style-type: none"> • One-time valuation gain due to acquisition of shares in MPIC^{*2} and other factors +7.3 • Canadian automotive company (increase in unit sales, decrease in sales promotion expenses) • VLI +4.1 (increase due to absence of lower profits recorded in the previous period owing to bad weather and other factors) • East Anglia^{*3} +3.5 (resumption of earnings contribution following book value recovery) • Tanker owning company (increase in vessel related revenue) • IPP -6.4 (impairment loss of fixed assets at Mainstream -9.0^{*4}, weak performance at Mainstream's projects in Chile) • MBK USA Commercial Vehicles -6.2 (increase in interest expense, lower profit from sale of used cars)
Dividend Income	3.3	2.4	+0.9	
Selling, General and Administrative Expenses	(101.2)	(77.6)	(23.6)	<ul style="list-style-type: none"> • BAF (change of earnings contribution period)^{*1} -12.1
Others	24.4	(31.6)	+56.0	<ul style="list-style-type: none"> • Gain on sale of Mitsui Rail Capital Europe +64.4 • Absence of fixed assets valuation loss in Brazilian passenger railway business recorded in the previous period^{*5} +8.4 • Dividends from Paiton +6.3 • Gain on sale of gas-fired power generation business in Ontario, Canada +4.6 • Profit related to gain on sale of BAF +4.1 • Absence of MT Falcon impairment loss^{*6} recorded in the previous period +3.1 • Absence of corporate income tax burden decrease resulting from the sale of Lucid Group shares recorded in the previous period^{*7} -4.8

*1 Due to Bussan Auto Finance becoming an associated company after the sale of a portion of its shares, there was a temporary change to the earnings contribution period (the previous period represents six months of earnings contribution, the current period represents nine months of earnings contribution).

*2 Metro Pacific Investments Corporation, an integrated infrastructure company in the Philippines.

*3 A passenger rail franchise business in the UK.

*4 Recorded an equity method loss of ¥9.0 billion due to a reassessment of the recoverable amount related to Mainstream's projects in Chile.

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

*6 For the previous period, an impairment loss of ¥3.1 billion was recorded, based on the revision of a sale and

purchase agreement for the shares of MT Falcon Holdings.

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

Chemicals

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	14.3	39.3	(25.0)	
Gross Profit	98.6	114.1	(15.5)	<ul style="list-style-type: none"> • Decrease in fertilizer trading (lower prices) • Decrease in Mitsui Agro Business (lower prices) • Novus International -3.6 (lower prices)
Profit (Loss) of Equity Method Investments	16.4	13.9	+2.5	<ul style="list-style-type: none"> • Hexagon Composites +6.9 (mainly a valuation gain due to one of its subsidiaries becoming an equity accounted investee)
Dividend Income	1.7	2.0	(0.3)	
Selling, General and Administrative Expenses	(76.7)	(68.8)	(7.9)	
Others	(25.7)	(21.9)	(3.8)	

Iron & Steel Products

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	3.0	14.3	(11.3)	
Gross Profit	21.0	21.1	(0.1)	
Profit (Loss) of Equity Method Investments	7.2	14.6	(7.4)	<ul style="list-style-type: none"> • Impairment loss recorded in Gestamp -4.1
Dividend Income	1.6	1.5	+0.1	
Selling, General and Administrative Expenses	(15.9)	(14.7)	(1.2)	
Others	(10.9)	(8.2)	(2.7)	

Lifestyle

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	69.4	25.7	+43.7	
Gross Profit	95.7	88.2	+7.5	<ul style="list-style-type: none"> • Aim Services becoming a subsidiary +10.9 • Absence of fair value valuation loss of drug discovery support fund recorded in the previous period +4.9 • AUSJ*¹ becoming a subsidiary +4.0 • Foreign exchange impact in coffee trading business -7.6
Profit (Loss) of Equity Method Investments	34.1	18.6	+15.5	<ul style="list-style-type: none"> • WILSEY FOODS +15.0 (good performance and sale of a part of the business at Ventura Foods, a manufacturer of processed oil food) • IHH Healthcare -3.1 (absence of an increase from deferred tax assets recorded in the previous period and other factors)
Dividend Income	4.5	3.2	+1.3	
Selling, General and Administrative Expenses	(89.4)	(72.2)	(17.2)	<ul style="list-style-type: none"> • Aim Services becoming a subsidiary -8.7 • AUSJ*¹ becoming a subsidiary -3.5
Others	24.5	(12.1)	+36.6	<ul style="list-style-type: none"> • Aim Services fair value gain*² +43.4 • Foreign exchange hedging profit in coffee trading +13.5 • Put option related to R-Pharm*³ -19.3(current period -2.5, previous period +16.8)

*1 Aramark Uniform Services Japan.

*2 Revaluation gain on previously held equity interest due to Aim Services being reclassified from an equity accounted investee to a consolidated subsidiary.

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

Innovation & Corporate Development

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	26.1	35.5	(9.4)	
Gross Profit	56.4	40.0	+16.4	<ul style="list-style-type: none"> • Business division at Mitsui & Co. HQ trading profit increase (commodities prices factor)
Profit (Loss) of Equity Method Investments	7.5	8.9	(1.4)	
Dividend Income	2.6	3.2	(0.6)	
Selling, General and Administrative Expenses	(45.5)	(40.2)	(5.3)	
Others	5.1	23.6	(18.5)	<ul style="list-style-type: none"> • Absence of gain on sale of real estate business in Singapore recorded in the previous period*¹ • Business division at Mitsui & Co. HQ trading profit decrease (foreign exchange factor) • Absence of gain on sale of real estate in the US recorded in the previous period*² -11.5 • Absence of gain on sale of investment securities recorded in the previous period -4.0 • Fair value valuation gain related to Altius Link*³ +8.9 • Gain on partial sale of Hibiya Fort Tower +5.7

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

*2 Gain on sale of fixed assets due to multiple property sales in the US.

*3 A valuation gain relating to Mitsui & Co.'s equity in Relia which occurred due to the business integration between KDDI Evolva and Relia.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of Yen)	September 30, 2023	March 31, 2023	Change
Total Assets	16,644.6	15,380.9	+1,263.7
Current Assets	5,786.4	5,674.8	+111.6
Non-current Assets	10,858.1	9,706.1	+1,152.0
Current Liabilities	3,911.0	3,766.6	+144.4
Non-current Liabilities	5,452.2	5,049.1	+403.1
<i>Net Interest-bearing Debt</i>	3,396.4	3,212.7	+183.7
Total Equity Attributable to Owners of the Parent	7,061.5	6,367.8	+693.7
Net Debt-to-Equity Ratio (times)	0.48	0.50	(0.02)

(*) “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)	September 30, 2023	March 31, 2023	Change	Description
Current Assets	5,786.4	5,674.8	+111.6	
Cash and cash equivalents	1,197.3	1,390.1	(192.8)	
Trade and other receivables	2,219.0	2,191.2	+27.8	<ul style="list-style-type: none"> ● Trade receivables +73.5 (LI^{*1}, EN^{*1}, CH^{*1}) Increase in trading volume, seasonal factors ● Loan receivables -55.7 BAF^{*2} -70.0
Other financial assets	949.3	773.0	+176.3	<ul style="list-style-type: none"> ● (IC^{*1}, Corporate, MI^{*1}, EN^{*1}) Increase in derivative assets ● (Corporate) Increase in margin deposits
Inventories	915.7	940.5	(24.8)	● (EN ^{*1} , IS ^{*1}) Decrease in inventories
Advance payments to suppliers	328.4	226.7	+101.7	● (MI ^{*1}) Increase in trading volume
Other Current assets	176.8	153.3	+23.5	

*1 LI: Lifestyle segment, EN: Energy segment, CH: Chemicals segment, IC: Innovation & Corporate Development segment, MI: Machinery & Infrastructure segment, IS: Iron & Steel Products segment.

*2 Bussan Auto Finance becoming an associated company.

Non-current Assets:

(Billions of Yen)	September 30, 2023	March 31, 2023	Change	Description
Non-current Assets	10,858.1	9,706.1	+1,152.0	
Investments accounted for using the equity method	4,628.8	3,929.6	+699.2	<ul style="list-style-type: none"> • Foreign exchange fluctuations +377.9 • Changes from equity method investments profit +244.9 • Nutrinova +74.9 • Offshore wind power project in Taiwan +70.1 (YECL becoming a subsidiary and other factors) • Altius Link^{*1} +63.1 • Renewable natural gas business +26.2 • Mit-Pacific Infrastructure Holdings^{*2} +23.8 • Euricom +17.1 • BAF^{*3} +14.3 • FPSO business (MV34) +10.7 • Dividends from equity accounted investees -238.4
Other investments	2,272.2	2,134.1	+138.1	<ul style="list-style-type: none"> • Foreign exchange fluctuations +41.9 • Fair value of FVTOCI financial assets +36.8 • Acquisition of Alvotech convertible bonds +10.5
Trade and other receivables	305.5	320.0	(14.5)	• BAF ^{*3} -53.3
Other financial assets	221.6	208.0	+13.6	• (MI ^{*4}) Increase in trading volume
Property, plant and equipment	2,430.6	2,300.6	+130.0	<ul style="list-style-type: none"> • Oil and gas projects +105.3 (including foreign exchange fluctuations +59.5) • Iron ore mining operations in Australia +32.0 (including foreign exchange fluctuations +29.3) • Intercontinental Terminals Company +16.3 (including foreign exchange fluctuations +16.1) • Mitsui Rail Capital Europe -81.8 • M&T Aviation sale of owned aircraft -14.4
Investment property	284.5	282.5	+2.0	
Intangible assets	444.5	277.3	+167.2	• Aim Services becoming a subsidiary +126.7
Deferred tax assets	109.1	105.2	+3.9	
Deferred tax assets	161.5	148.8	+12.8	

*1 After acquiring additional shares in Relia, the business was integrated with KDDI Evolva and a new company known as Altius Link was formed.

*2 An investment in Metro Pacific Investments Corporation through Mit-Pacific Infrastructure Holdings.

*3 Bussan Auto Finance becoming an associated company.

*4 MI: Machinery & Infrastructure segment.

Liabilities

(Billions of Yen)	September 30, 2023	March 31, 2023	Change	Description
Current Liabilities	3,911.0	3,766.6	+144.4	
Short-term debt	479.3	432.2	+47.1	• Borrowing and repayments, as well as BAF* ¹ -21.6
Current portion of long-term debt	594.8	811.0	(216.2)	• Reclassification from non-current debt and repayments, as well as BAF* ¹ -28.4
Trade and other payables	1,615.9	1,510.4	+105.5	• Increase in trade payables
Other financial liabilities	737.2	622.0	+115.2	• Increase in derivative liabilities
Income tax payables	44.5	49.3	(4.8)	
Advances from customers	301.7	234.9	+66.8	• Corresponding to increase in advance payments
Provisions	85.1	59.0	+26.1	
Other current liabilities	52.6	47.8	+4.8	
Non-current Liabilities	5,452.2	5,049.1	+403.1	
Long-term debt, less the current portion	4,006.0	3,797.3	+208.7	• Reclassification to current portion and borrowings, as well as BAF* ¹ -43.8
Other financial liabilities	302.5	223.4	+79.1	• Increase in derivative liabilities
Retirement benefit liabilities	39.2	37.0	+2.2	
Provisions	338.4	310.5	+27.9	• (EN* ²) Increase in asset retirement obligations due to weak yen
Deferred tax liabilities	731.8	648.3	+83.5	
Other non-current liabilities	34.3	32.6	+1.7	

*1 Bussan Auto Finance becoming an associated company.

*2 EN: Energy segment.

Equity

(Billions of Yen)	September 30, 2023	March 31, 2023	Change	Description
Common stock	343.1	342.6	+0.5	
Capital surplus	388.7	381.9	+6.8	
Retained earnings	5,091.0	4,840.5	+250.5	
Other components of equity	1,301.6	869.0	+432.6	
<breakdown>				
Financial assets measured at FVTOCI	231.3	215.6	+15.7	
Foreign currency translation adjustments	1,046.2	638.5	+407.7	<ul style="list-style-type: none"> • USD +314.4 (Sept-23 USD/JPY149.58, up from Mar-23 USD/JPY133.53) • AUD +78.3 (Sept-23 AUD/JPY96.06, up from Mar-23 AUD/JPY89.69)
Cash flow hedges	24.0	14.9	+9.2	
Treasury stock	(62.9)	(66.2)	+3.3	<ul style="list-style-type: none"> • Cancellation of treasury stock +92.0 • Share repurchase -89.2
Total Equity Attributable to Owners of the Parent	7,061.5	6,367.8	+693.7	
Non-controlling interests	219.8	197.4	+22.4	

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	466.5	310.4	+156.1
Cash Flows from Investing Activities	(296.5)	(132.0)	(164.5)
Free Cash Flow	170.0	178.4	(8.4)
Cash Flows from Financing Activities	(430.8)	(308.0)	(122.8)
Effect of Exchange Rate Changes on Cash and Cash Equivalents etc.	68.0	68.3	(0.3)
Change in Cash and Cash Equivalents	(192.8)	(61.3)	(131.5)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	466.5	310.4	+156.1
Cash Flows from Change in Working Capital	b	(45.0)	(328.9)	+283.9
Repayments of Lease Liabilities	c	(36.4)	(27.8)	(8.6)
Core Operating Cash Flow	a-b+c	475.1	611.5	(136.4)

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥45.0 billion of net cash outflow. Repayments of lease liabilities was ¥36.4 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 ¥475.1 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥308.8 billion, a decrease of ¥5.1 billion from ¥313.9 billion for the previous period.
 - Depreciation and amortization for the current period was ¥137.4 billion, an increase of ¥0.4 billion from ¥137.0 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	177.8	269.5	(91.7)
Energy	77.5	124.8	(47.3)
Machinery & Infrastructure	115.7	92.6	+23.1
Chemicals	24.3	50.9	(26.6)
Iron & Steel Products	1.2	7.3	(6.1)
Lifestyle	29.7	19.0	+10.7
Innovation & Corporate Development	19.2	18.2	+1.0
All Other and Adjustments and Eliminations	29.7	29.2	+0.5
Consolidated Total	475.1	611.5	(136.4)

The following table shows Depreciation and amortization by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	31.2	28.3	+2.9
Energy	40.7	47.4	(6.7)
Machinery & Infrastructure	16.3	16.8	(0.5)
Chemicals	16.3	15.6	+0.7
Iron & Steel Products	1.0	0.7	+0.3
Lifestyle	14.5	10.5	+4.0
Innovation & Corporate Development	8.6	9.4	(0.8)
All Other and Adjustments and Eliminations	8.8	8.3	+0.5
Consolidated Total	137.4	137.0	+0.4

Cash Flows from Investing Activities

(Billions of Yen)	Current Period	Previous Period	Description
Cash flows from investing activities	(296.5)	(132.0)	
Net change in investments to equity accounted investees	(229.5)	(102.0)	
Cash outflow	(269.7)	(142.3)	<ul style="list-style-type: none"> ● Nutrinova -74.9 ● Altius Link^{*1} -51.2 ● Renewable natural gas business -26.2 ● Mit-Pacific Infrastructure Holdings^{*2} -23.8 ● Euricom -17.1 ● Power Generation Business -12.5 ● FPSO business (MV34) -10.7
Cash inflow	40.2	40.3	
Net change in other investments	(9.2)	(12.3)	
Cash outflow	(48.4)	(53.2)	<ul style="list-style-type: none"> ● Bussan Animal Health^{*3} -10.7 ● Acquisition of Alvotech convertible bonds -10.5
Cash inflow	39.2	40.9	
Net change in property, plant, and equipment	(114.6)	(88.2)	
Cash outflow	(141.5)	(109.0)	<ul style="list-style-type: none"> ● Oil and gas projects -36.0 ● Iron ore mining operations in Australia -22.7 ● Mitsui Resources -11.3 ● MyPower -10.3
Cash inflow	26.9	20.8	<ul style="list-style-type: none"> ● M&T Aviation sale of owned aircraft +18.8
Net change in investment property	14.8	33.7	
Cash outflow	(2.9)	(2.8)	
Cash inflow	17.7	36.5	<ul style="list-style-type: none"> ● Partial sale of Hibiya Fort Tower
Net change in loan receivables	(7.1)	0.7	
Net change in time deposits	(8.3)	36.1	<ul style="list-style-type: none"> ● Mitsui Mineral Resources Development Latin America time deposits -11.3
Acquisition of subsidiaries or other businesses	(95.6)	-	<ul style="list-style-type: none"> ● Aim Services becoming a subsidiary -58.8 (Net amount of: acquisition cost -68.8, cash and deposits +10.0) ● Acquisition of interest in South Texas Vaquero -36.8
Proceeds from sales of subsidiaries or other businesses	152.9	-	

*1 After acquiring additional shares in Relia, the business was integrated with KDDI Evolva and a new company known as Altius Link was formed.

*2 An investment in Metro Pacific Investments Corporation through Mit-Pacific Infrastructure Holdings.

*3 After acquiring all shares in Sumitomo Pharma Animal Health, the company name changed to Bussan Animal

Health in June 2023.

Cash Flows from Financing Activities

(Billions of Yen)	Current Period	Previous Period	Description of Current Period
Cash flows from financing activities	(430.8)	(308.0)	
Net change in short-term debt	33.3	15.2	
Net change in long-term debt	(225.7)	(60.9)	
(Proceeds from long-term debt)	625.4	503.0	
(Repayments of long-term debt)	(851.1)	(563.9)	
Repayments of lease liabilities	(36.4)	(27.8)	
Purchase and sales of treasury stock-net	(89.3)	(100.2)	• Including stock-based emuneration for employees -19.2
Dividends paid	(114.3)	(96.1)	
Transactions with non-controlling interest shareholders	1.6	(38.2)	

(4) Management Issues

1) Result and Forecast for Investment and Loan Plan (*)

For the current period, approximately ¥572.0 billion of investments and loans were allocated, mainly for the growth investments such as Nutrinova, additional holding of Aim Services, making it a subsidiary, additional holding of Relia due to its merger into Altius Link, and sustaining capex such as iron ore and metallurgical coal mining operations in Australia and the oil & gas production business. On the other hand, we carried out approximately ¥283.0 billion of asset recycling with the sale of Mitsui Rail Capital Europe, aircraft, and a gas-fired power plant. We will continue flexible and strategic cash allocation through our Cash Flow Allocation framework.

(*) Excludes changes in time deposits.

2) Revised forecasts for the year ending March 31, 2024

<Assumption>	<u>1st Half</u> (Actual)	<u>2nd Half</u> (Forecast)	<u>Revised</u> <u>Forecast</u> (October 2023)	<u>Original</u> <u>Forecast</u> (May 2023)
Exchange rate (USD/JPY)	142.61	145.00	143.81	130.00
Crude oil (JCC)	\$84/bbl	\$86/bbl	\$85/bbl	\$79/bbl
Consolidated oil price	\$89/bbl	\$94/bbl	\$91/bbl	\$88/bbl

(Billions of Yen)	March 31, 2024 Revised forecast (October 2023)	March 31, 2024 Original forecast (May 2023)	Change	Description
Gross profit	1,270.0	1,170.0	+100.0	FX impact, Energy
Selling, General and Administrative Expenses	(800.0)	(750.0)	(50.0)	FX impact
Gain (Loss) on Investments, Fixed Assets and Other	230.0	230.0	-	
Interest Expenses	(110.0)	(110.0)	-	
Dividend Income	160.0	160.0	-	
Profit (Loss) of Equity Method Investments	460.0	440.0	+20.0	Machinery & Infrastructure
Profit before Income Taxes	1,210.0	1,140.0	+70.0	
Income Taxes	(250.0)	(240.0)	(10.0)	
Non-Controlling Interests	(20.0)	(20.0)	-	
Profit for the Year Attributable to Owners of the Parent	940.0	880.0	+60.0	Rate of change: +6.8%

Depreciation and Amortization	280.0	270.0	+10.0	
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Core Operating Cash Flow	960.0	870.0	+90.0	Rate of change: +10.3%
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- For further major assumptions in addition to oil prices and USD/JPY, please refer to “(3) Key commodity prices and other parameters for the year ending March 31, 2024.”

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

(Billions of Yen)	March 31, 2024 Revised forecast (October 2023)	March 31, 2024 Original forecast (May 2023)	Change	Description
Mineral & Metal Resources	290.0	290.0	-	
Energy	140.0	130.0	+10.0	LNG trading
Machinery & Infrastructure	270.0	240.0	+30.0	Asset recycling, automobile and ship business
Chemicals	60.0	60.0	-	
Iron & Steel Products	15.0	20.0	(5.0)	Lower demand
Lifestyle	100.0	90.0	+10.0	Processed oil food business
Innovation & Corporate Development	60.0	60.0	-	
All Other and Adjustments and Eliminations	5.0	(10.0)	+15.0	
Consolidated Total	940.0	880.0	+60.0	

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

(Billions of Yen)	March 31, 2024 Revised forecast (October 2023)	March 31, 2024 Original forecast (May 2023)	Change	Description
Mineral & Metal Resources	350.0	320.0	+30.0	Dividends from associates
Energy	240.0	230.0	+10.0	LNG trading
Machinery & Infrastructure	150.0	140.0	+10.0	Dividends from associates
Chemicals	80.0	80.0	-	
Iron & Steel Products	10.0	10.0	-	
Lifestyle	60.0	50.0	+10.0	Dividends from associates
Innovation & Corporate Development	40.0	40.0	-	
All Other and Adjustments and Eliminations	30.0	0.0	+30.0	Payment date for new US minimum tax deferred, other factors
Consolidated Total	960.0	870.0	+90.0	

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

The table below shows assumptions for key commodity prices and foreign exchange rates of the forecast for the year ending March 31, 2024. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

	Impact on profit for the year attributable to owners of the parent for FY March 2024 (Announced May 2023)		FY March 2024 Assumption (Announced May 2023)	FY March 2024		FY March 2024 Full-Year (Avg. of H1 and H2)
				H1 Result	H2 Assumption	
Commodity	Crude oil/JCC	-	79	84	86	85
	Consolidated oil price ^{*1}	¥2.6 bn (US\$1/bbl)	88	89	94	91
	US gas ^{*2}	¥1.4 bn (US\$0.1/mmBtu)	2.99	2.54 ^{*3}	2.70	2.62
	Iron ore ^{*4}	¥2.7 bn (US\$1/ton)	*5	113 ^{*6}	*5	*5
	Metallurgical coal	¥0.3 bn (US\$1/ton)	*5	262 ^{*7}	*5	*5
	Copper ^{*8}	¥0.7 bn (US\$100/ton)	8,600	8,704 ^{*9}	8,428	8,566
Forex ^{*10}	US\$	¥3.9 bn (¥1/US\$)	130.00	142.61	145.00	143.81
	Australian\$	¥2.7 bn (¥1/Australian\$)	85.00	93.44	90.00	91.72

- (*1) As the crude oil price affects our consolidated results with a time lag, the effect of crude oil prices on consolidated results is estimated as a consolidated oil price, which reflects this lag. For the year ending March 2024, we have assumed that there is a 4-6 month time lag for approx. 35%, a 1-3 month time lag for approx. 30%, an over 1-year time lag for approx. 30%, 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 US natural gas sold at Henry Hub (HH), the above sensitivities show the annual impact of changes in the weighted average sale price.
- (*3) US gas figures for the year ending March 2024 H1 (result) are the average daily prompt month closing prices for Henry Hub Natural Gas Futures traded on NYMEX during January to June 2023.
- (*4) The effect of dividend income from Vale has not been included.
- (*5) Iron ore and Metallurgical coal price assumptions are not disclosed.
- (*6) Iron ore figures for the year ending March 2024 H1 (result) are the daily average (reference price) spot index price (Fe 62% CFR North China) recorded in several industry trade magazines from April to September 2023.
- (*7) Metallurgical coal figures for the year ending March 2024 H1 (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 2023.
- (*9) Copper figures for the year ending March 2024 H1 (result) are the averages of the LME monthly average cash settlement prices for the period from January to June 2023.
- (*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 the impact of currency hedging are not included.

4) Profit Distribution Policy

Our profit distribution policy is as follows:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between meeting demand for capital in our core and growth areas through reinvestment of our retained earnings, and based on the level of stable cash generation, directly provide returns to shareholders by paying out cash dividends.
- In addition to the above, regarding share repurchases which are done to improve capital efficiency amongst other things, the amount and timing will be decided upon in a prompt and flexible manner taking into consideration the business environment. Such considerations include balance between share repurchases and growth investments, cash flow level after accounting for shareholder returns, interest-bearing debt levels, and return on equity.

For the current period, we repurchased ¥70.0 billion of our own stock between April 1 and July 7, 2023. Additionally, today we announced a new repurchase program, targeting up to ¥50.0 billion of shares to be repurchased between November 1, 2023 and January 31, 2024. Together with this, we have decided we will cancel all of these newly repurchased shares. For details, please refer to the release on our website “Notification of Stock Repurchase and Cancellation of Treasury Stock” dated October 31, 2023.

Taking into consideration Core Operating Cash Flow and Profit for the Year Attributable to Owners of the Parent announced today, as well as the stability and continuity of dividend payments, the full-year dividend for the year ending March 31, 2024 is planned to be ¥170 per share (an increase of ¥30 from the previous year, including the interim dividend of ¥85), an upward revision of ¥20. Furthermore, during the current Medium-term Management Plan (from the year ending March 31, 2024 to the year ending March 31, 2026), we will set a minimum dividend of ¥170 per share and maintain or increase the dividend level.

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

(5) Material Accounting Estimates

For Further information regarding the material accounting 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 JUDGMENTS”.

(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
September 30, 2023 and March 31, 2023

	Millions of Yen	
	September 30, 2023	March 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,197,297	¥ 1,390,130
Trade and other receivables	2,218,964	2,191,181
Other financial assets (Note 15)	949,294	772,984
Inventories (Note 15)	915,704	940,543
Advance payments to suppliers	328,413	226,692
Other current assets	176,769	153,303
Total current assets	5,786,441	5,674,833
Non-current Assets:		
Investments accounted for using the equity method(Note 18)	4,628,807	3,929,636
Other investments (Notes 15 and 18).....	2,272,159	2,134,103
Trade and other receivables (Notes 15 and 18)	305,472	320,040
Other financial assets (Note 15)	221,567	208,021
Property, plant and equipment (Note 8)	2,430,615	2,300,607
Investment property	284,473	282,497
Intangible assets	444,481	277,316
Deferred tax assets	109,071	105,197
Other non-current assets	161,495	148,666
Total non-current assets	10,858,140	9,706,083
Total assets	¥ 16,644,581	¥ 15,380,916

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2023 and March 31, 2023

	Millions of Yen	
	September 30, 2023	March 31, 2023
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 479,260	¥ 432,233
Current portion of long-term debt (Note 10)	594,765	810,999
Trade and other payables	1,615,876	1,510,391
Other financial liabilities (Notes 14 and 15)	737,174	621,979
Income tax payables	44,483	49,335
Advances from customers	301,748	234,946
Provisions	85,138	58,952
Other current liabilities	52,585	47,802
Total current liabilities	<u>3,911,029</u>	<u>3,766,637</u>
Non-current Liabilities:		
Long-term debt, less current portion (Notes 10 and 15)	4,006,000	3,797,328
Other financial liabilities (Notes 14, 15 and 18)	302,522	223,381
Retirement benefit liabilities	39,230	36,998
Provisions	338,366	310,513
Deferred tax liabilities	731,823	648,263
Other non-current liabilities	34,268	32,648
Total non-current liabilities	<u>5,452,209</u>	<u>5,049,131</u>
Total liabilities	<u>9,363,238</u>	<u>8,815,768</u>
Equity:		
Common stock	343,062	342,560
Capital surplus	388,701	381,869
Retained earnings	5,091,024	4,840,510
Other components of equity (Note 11)	1,301,605	868,963
Treasury stock	(62,857)	(66,152)
Total equity attributable to owners of the parent	<u>7,061,535</u>	<u>6,367,750</u>
Non-controlling interests	219,808	197,398
Total equity	<u>7,281,343</u>	<u>6,565,148</u>
Total liabilities and equity	<u>¥ 16,644,581</u>	<u>¥ 15,380,916</u>

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

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2023 and 2022**

	Millions of Yen	
	Six-month Period Ended September 30, 2023	Six-month Period Ended September 30, 2022
Comprehensive Income:		
Profit for the period	¥ 469,280	¥ 556,034
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI (Note 18).....	26,580	(355,470)
Remeasurements of defined benefit pension plans	170	126
Share of other comprehensive income of investments accounted for using the equity method	(5,320)	(3,609)
Income tax relating to items not reclassified	(4,879)	101,732
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	48,951	14,026
Cash flow hedges	3,613	(110,101)
Share of other comprehensive income of investments accounted for using the equity method	391,927	475,050
Income tax relating to items that may be reclassified	(12,427)	(14,844)
Total other comprehensive income	448,615	106,910
Comprehensive Income for the Period	¥ 917,895	¥ 662,944
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 889,688	¥ 633,794
Non-controlling interests	28,207	29,150

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended September 30, 2023 and 2022

	Millions of Yen	
	Three-month Period Ended September 30, 2023	Three-month Period Ended September 30, 2022
Revenue (Notes 6, 7 and 15)	¥ 3,228,307	¥ 3,703,284
Cost (Note 15)	(2,920,643)	(3,384,799)
Gross Profit (Note 6)	307,664	318,485
Other Income (Expenses):		
Selling, general and administrative expenses	(207,522)	(170,074)
Gain (loss) on securities and other investments-net(Notes 5 and 15)	86,550	6,594
Impairment reversal (loss) of fixed assets-net (Note 9)	(1,471)	(10,555)
Gain (loss) on disposal or sales of fixed assets-net	6,613	8,864
Other income (expense)-net (Note 15)	(14,464)	7,567
Total other income (expenses)	(130,294)	(157,604)
Finance Income (Costs):		
Interest income	18,406	11,147
Dividend income	26,269	46,341
Interest expense	(41,928)	(23,255)
Total finance income (costs)	2,747	34,233
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 6)	101,945	144,736
Profit before Income Taxes	282,062	339,850
Income Taxes	(71,441)	(72,175)
Profit for the Period	¥ 210,621	¥ 267,675
 Profit for the Period Attributable to:		
Owners of the parent (Note 6).....	¥ 203,411	¥ 264,104
Non-controlling interests	7,210	3,571

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 13):		
Basic	¥ 134.93	¥ 167.28
Diluted	¥ 134.83	¥ 167.22

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 September 30, 2023 and 2022**

	Millions of Yen	
	Three-month Period Ended September 30, 2023	Three-month Period Ended September 30, 2022
Comprehensive Income:		
Profit for the period	¥ 210,621	¥ 267,675
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI (Note 18).....	11,075	(40,740)
Remeasurements of defined benefit pension plans	(97)	145
Share of other comprehensive income of investments accounted for using the equity method	(2,021)	(2,996)
Income tax relating to items not reclassified	(4,911)	9,497
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(13,942)	(8,937)
Cash flow hedges	4,631	(61,862)
Share of other comprehensive income of investments accounted for using the equity method	106,998	173,768
Income tax relating to items that may be reclassified	(4,544)	(7,781)
Total other comprehensive income	97,189	61,094
Comprehensive Income for the Period	¥ 307,810	¥ 328,769
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 298,586	¥ 321,388
Non-controlling interests	9,224	7,381

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2023 and 2022

Millions of Yen	Attributable to owners of the parent							
	Common Stock	Capital Surplus	Retained Earnings (Note 12)	Other Components of Equity (Note 11)	Treasury Stock	Total	Non-controlling Interests	Total Equity
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			539,104			539,104	16,930	556,034
Other comprehensive income for the period (Note 11).....				94,690		94,690	12,220	106,910
Comprehensive income for the period			539,104	94,690		633,794	29,150	662,944
Transaction with owners:								
Dividends paid to owners of the parent.....			(96,058)			(96,058)		(96,058)
Dividends paid to non-controlling interest shareholders (Note 12).....							(12,655)	(12,655)
Acquisition of treasury stock					(100,157)	(100,157)		(100,157)
Sales of treasury stock		(180)	(184)		364	0		0
Cancellation of treasury stock.....			(143,174)		143,174	-		-
Compensation costs related to share-based payment	176	1,875				2,051		2,051
Equity transactions with non-controlling interest shareholders (Note 11).....		33		414		447	10,099	10,546
Transfer to retained earnings (Note 11).....			11,870	(11,870)		-		-
Balance as at September 30, 2022	¥ 342,560	¥ 378,244	¥ 4,477,520	¥ 910,675	¥ (63,717)	¥ 6,045,282	¥ 216,805	¥ 6,262,087

Millions of Yen	Attributable to owners of the parent							
	Common Stock	Capital Surplus	Retained Earnings (Note 12)	Other Components of Equity (Note 11)	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance as at April 1, 2023	¥ 342,560	¥ 381,869	¥ 4,840,510	¥ 868,963	¥ (66,152)	¥ 6,367,750	¥ 197,398	¥ 6,565,148
Profit for the period			456,261			456,261	13,019	469,280
Other comprehensive income for the period (Note 11).....				433,427		433,427	15,188	448,615
Comprehensive income for the period			456,261	433,427		889,688	28,207	917,895
Transaction with owners:								
Dividends paid to owners of the parent.....			(114,325)			(114,325)		(114,325)
Dividends paid to non-controlling interest shareholders (Note 12).....							(9,518)	(9,518)
Acquisition of treasury stock					(89,254)	(89,254)		(89,254)
Sales of treasury stock		(330)	(176)		506	0		0
Cancellation of treasury stock.....			(92,043)		92,043	-		-
Compensation costs related to share-based payment	502	3,700				4,202		4,202
Equity transactions with non-controlling interest shareholders (Note 11).....		3,462		12		3,474	3,721	7,195
Transfer to retained earnings (Note 11).....			797	(797)		-		-
Balance as at September 30, 2023	¥ 343,062	¥ 388,701	¥ 5,091,024	¥ 1,301,605	¥ (62,857)	¥ 7,061,535	¥ 219,808	¥ 7,281,343

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2023 and 2022

	Millions of Yen	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2022
Operating Activities:		
Profit for the period	¥ 469,280	¥ 556,034
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	137,373	137,037
Change in retirement benefit liabilities	33	2,853
Loss allowance	15,606	7,245
(Gain) loss on securities and other investments-net	(134,091)	(18,153)
Impairment (reversal) loss of fixed assets-net	3,992	10,826
(Gain) loss on disposal or sales of fixed assets-net	(8,237)	(15,793)
Interest income, dividend income and interest expense	(35,344)	(76,919)
Income taxes	124,596	131,773
Share of (profit) loss of investments accounted for using the equity method	(244,932)	(283,573)
Valuation (gain) loss related to contingent considerations and others	343	(11,984)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(18,706)	32,504
Change in inventories	81,339	1,369
Change in trade and other payables	26,577	(125,245)
Change in derivative assets and liabilities	7,473	(17,890)
Change in advance payments to suppliers	(79,246)	(11,578)
Change in other financial liabilities	(45,907)	11,099
Change in other financial assets	(23,193)	(159,650)
Other-net	6,689	(59,590)
Interest received	61,798	33,306
Interest paid	(79,086)	(33,042)
Dividends received	308,805	313,942
Income taxes paid	(133,866)	(138,377)
Income taxes refunded	25,200	24,176
Cash flows from operating activities	<u>466,496</u>	<u>310,370</u>
Investing Activities:		
Change in time deposits	(8,291)	36,102
Investments in equity accounted investees	(269,722)	(142,333)
Proceeds from sales of investments in equity accounted investees	40,248	40,345
Purchases of other investments	(48,411)	(53,209)
Proceeds from sales and maturities of other investments	39,248	40,877
Increases in loan receivables	(13,221)	(8,415)
Collections of loan receivables	6,171	9,100
Purchases of property, plant and equipment	(141,515)	(108,956)
Proceeds from sales of property, plant and equipment	26,868	20,783
Purchases of investment property	(2,883)	(2,842)
Proceeds from sales of investment property	17,675	36,547
Acquisition of subsidiaries or other businesses (Note 3)	(95,605)	-
Proceeds from sales of subsidiaries or other businesses	152,919	-
Cash flows from investing activities	<u>(296,519)</u>	<u>(132,001)</u>
Financing Activities:		
Change in short-term debt	33,348	15,226
Proceeds from long-term debt	625,359	502,961
Repayments of long-term debt	(851,101)	(563,904)
Repayments of lease liabilities (Note 6)	(36,382)	(27,845)
Purchases and sales of treasury stock	(89,250)	(100,158)
Dividends paid	(114,325)	(96,058)
Transactions with non-controlling interests shareholders	1,590	(38,179)
Cash flows from financing activities	<u>(430,761)</u>	<u>(307,957)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	67,951	68,330

Change in Cash and Cash Equivalents	(192,833)	(61,258)
Cash and Cash Equivalents at Beginning of Period	1,390,130	1,127,868
Cash and Cash Equivalents at End of Period	<u>¥ 1,197,297</u>	<u>¥ 1,066,610</u>

“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 September 30 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, 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 15 “FAIR VALUE MEASUREMENT”

III. MATERIAL ACCOUNTING POLICIES

Material accounting policies applied in the Condensed Consolidated Financial Statements for the period ended September 30, 2023 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year.

The companies applied the following new standards for Condensed Consolidated Financial Statements from April 1, 2023. Impacts from the application of these on the Condensed Consolidated Financial Statements are immaterial.

IFRS	Title	Summaries
IFRS 17	Insurance Contracts	Fundamental amendment of accounting for insurance contracts
IAS 12	Income Taxes (amended in May 2021)	Clarification of accounting treatment for deferred tax related to assets and liabilities arising from a single transaction
IAS 12	Income Taxes (amended in May 2023)	Accounting treatment and disclosures about income taxes arising from tax law enacted to implement the Pillar Two model rules published by the OECD.

3. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2023

Acquisition of Additional Shares in AIM SERVICES CO., LTD.

On April 6, 2023, the Company acquired 50% equity share (equivalent to 277 stocks) of AIM SERVICES CO., LTD. ("Aim") from Aramark, a U.S. based company. The acquisition price was ¥68,790 million (USD535 million), which was paid in cash and cash equivalents on hand.

Aim was established in 1976 as a joint venture between Mitsui Group companies and Aramark. Since opening its first location as an employee cafeteria in the Company's former head office building, Aim has expanded its client base in many sectors such as offices, factories, hospitals, welfare facilities, schools, stadiums, and training facilities. Today, Aim supplies a total of around 1.3 million meals daily to approximately 3,900 facilities nationwide. The Company will continue to accelerate Aim's further growth by leveraging its comprehensive strengths and will establish "Integrated Hospitality Service" business centered on Aim, which solves clients' issues by providing diverse services, such as enhancement of health & productivity management and improvement in employee engagement.

The following table summarized the consideration paid, the fair values of the previously held equity interest, and the fair values of the assets acquired and liabilities assumed at the acquisition date. The purchase price allocation has not been completed and the fair values of the assets acquired and liabilities assumed are provisional.

	Millions of Yen
Consideration paid	68,790
Fair value of the previously held equity interest	53,656
Total	¥ 122,446
Fair values of the assets acquired and liabilities assumed:	
Current assets	32,513
Intangible assets	60,836
Other non-current assets	13,166
Total assets acquired	¥ 106,515
Current liabilities	(29,003)
Non-current liabilities	(22,339)
Total liabilities assumed	¥ (51,342)

	Millions of Yen	
Net assets acquired	¥	55,173
Goodwill		67,273
Total	¥	122,446

The Company should also recognize the revaluation gain on the previously held equity interest of 50% shares in Aim under the IFRS. Pursuant to the acquisition, the fair values of the previously held equity interest is expected to be ¥53,656 million, and the Company has recognized ¥43,449 million as the revaluation gain in the Lifestyle Segment in the head "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statements of Income for the six-month periods ended September 30, 2023. Goodwill primarily consists of excess earning power and synergies with existing operations, and is non-deductible for tax purposes.

Acquisition of unconventional gas asset in Texas, U.S.A.

The Company, through its U.S. based subsidiary MEP South Texas, has completed the acquisition of approx. 92% working interest in an unconventional gas asset in Texas, U.S. from the operator, Silver Hill Eagle Ford E&P, a subsidiary of Silver Hill Energy Partners. The total consideration paid in cash was ¥35,345 million (USD263 million) which consists of the bid price and adjustments of CAPEX, costs and revenue incurred between the effective date and the closing date.

This asset (a part of the Hawkville field, approx. gross 8,500 acre) is in South Texas with access to the Gulf Coast industrial area, which includes LNG export terminals and ammonia plants. Additional gas production is expected from this asset with further development and Mitsui E&P USA, a wholly owned subsidiary of the Company, will develop and operate the asset on behalf of MEP South Texas, aiming for stable gas production of over 200 million cubic feet per day from the field, while maintaining a focus on the safety of employees, the community, and the environment.

The following table summarized the consideration paid and the fair values of the assets acquired at the acquisition date. The purchase price allocation has not been completed and the fair values of the assets acquired and liabilities assumed are provisional.

	Millions of Yen	
Consideration paid	¥	35,345
Total	¥	35,345
Fair values of the assets acquired:		
Property, plant and equipment	¥	35,345
Total assets acquired	¥	35,345
Net assets acquired	¥	35,345

For the six-month period ended September 30, 2022

No material business combinations were completed during the six-month period ended September 30, 2022.

4. ASSETS HELD FOR SALE

Mitsui has agreed to transfer 20% of the shares of Bussan Auto Finance to JA Mitsui Leasing, which is well-versed in finance and leasing, and the share transfer agreement was signed on June 29, 2023. Consequently, the assets and liabilities of Bussan Auto Finance were presented as single line items under "Assets held for sale" and "Liabilities directly associated with assets held for sale" in the Consolidated Statements of Financial Position as of June 30, 2023. These accounts primarily included "Trade and other receivables," "Short-term debt," "Current portion of long-term debt," and "Long-term debt, less current portion." The transfer was closed on September 26, 2023, and the investment to Bussan Auto Finance was reclassified to the investment accounted for using the equity method as of September 30, 2023. The capital gain and loss recognized on the loss of control for the six-month period ended September 30, 2023, including the gain on the fair value measurement of residual shares, is immaterial. This transaction is included in the Machinery & Infrastructure segment.

5. CONSOLIDATED SUBSIDIARIES

Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries

For the six-month period ended September 30, 2022, there is no material gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries.

For the six-month period ended September 30, 2023, the companies recognized gain arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries of ¥76,594 million.

The gain is recorded in "Gain (loss) on securities and other investments-net" in the Condensed Consolidated Statement of income.

6. SEGMENT INFORMATION

Six-month period ended September 30, 2023:	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 979,097	¥ 1,353,619	¥ 623,817	¥ 1,370,579	¥ 341,442	¥ 1,575,706	¥ 132,064	¥ 6,376,324
Gross Profit.....	¥ 158,216	¥ 56,185	¥ 118,904	¥ 98,644	¥ 20,994	¥ 95,681	¥ 56,401	¥ 605,025
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 25,132	¥ 35,408	¥ 118,974	¥ 16,405	¥ 7,182	¥ 34,145	¥ 7,452	¥ 244,698
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ 134,649	¥ 25,988	¥ 164,359	¥ 14,348	¥ 2,990	¥ 69,438	¥ 26,101	¥ 437,873
Core Operating Cash Flow.....	¥ 177,789	¥ 77,543	¥ 115,669	¥ 24,262	¥ 1,235	¥ 29,674	¥ 19,240	¥ 445,412
Total Assets at September 30, 2023.....	¥ 3,026,991	¥ 3,246,428	¥ 3,649,604	¥ 1,997,609	¥ 835,372	¥ 2,859,220	¥ 1,713,319	¥ 17,328,543

Six-month period ended September 30, 2023:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 1,114	¥ —	¥ 6,377,438
Gross Profit.....	¥ 1,951	¥ 1,418	¥ 608,394
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ —	¥ 234	¥ 244,932
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ (2,180)	¥ 20,568	¥ 456,261
Core Operating Cash Flow.....	¥ (6,151)	¥ 35,827	¥ 475,088
Total Assets at September 30, 2023.....	¥ 8,700,456	¥ (9,384,418)	¥ 16,644,581

Millions of Yen									
Six-month period ended September 30, 2022:	Mineral & Metal Resources		Machinery & Infrastructure		Iron & Steel Products		Innovation & Corporate Development		Total
	Energy								
Revenue.....	¥ 1,105,500	¥ 1,950,498	¥ 516,889	¥ 1,699,997	¥ 369,071	¥ 1,676,652	¥ 105,306	¥ 7,423,913	
Gross Profit.....	¥ 203,310	¥ 63,162	¥ 97,411	¥ 114,103	¥ 21,088	¥ 88,213	¥ 39,950	¥ 627,237	
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 83,608	¥ 44,648	¥ 99,084	¥ 13,899	¥ 14,631	¥ 18,606	¥ 8,918	¥ 283,394	
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ 247,246	¥ 55,431	¥ 89,663	¥ 39,261	¥ 14,340	¥ 25,720	¥ 35,450	¥ 507,111	
Core Operating Cash Flow.....	¥ 269,526	¥ 124,769	¥ 92,607	¥ 50,874	¥ 7,252	¥ 19,041	¥ 18,203	¥ 582,272	
Total Assets at March 31, 2023.....	¥ 3,062,836	¥ 3,009,472	¥ 3,216,794	¥ 1,773,664	¥ 776,531	¥ 2,504,078	¥ 1,642,459	¥ 15,985,834	

Millions of Yen			
Six-month period ended September 30, 2022:	Adjustments and Eliminations		Consolidated Total
	All Other		
Revenue.....	¥ (98)	¥ —	¥ 7,423,815
Gross Profit.....	¥ 966	¥ 3,712	¥ 631,915
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (61)	¥ 240	¥ 283,573
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ (2,512)	¥ 34,505	¥ 539,104
Core Operating Cash Flow.....	¥ 3,055	¥ 26,179	¥ 611,506
Total Assets at March 31, 2023.....	¥ 8,215,000	¥ (8,819,918)	¥ 15,380,916

Millions of Yen									
Three-month period ended September 30, 2023:	Mineral & Metal Resources		Machinery & Infrastructure		Iron & Steel Products		Innovation & Corporate Development		Total
	Energy								
Revenue.....	¥ 494,113	¥ 661,432	¥ 335,879	¥ 688,211	¥ 173,820	¥ 802,793	¥ 71,286	¥ 3,227,534	
Gross Profit.....	¥ 83,231	¥ 20,767	¥ 67,667	¥ 46,370	¥ 10,746	¥ 45,687	¥ 31,169	¥ 305,637	
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 1,704	¥ 12,790	¥ 61,934	¥ 3,466	¥ 2,309	¥ 16,766	¥ 2,840	¥ 101,809	
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ 56,781	¥ (720)	¥ 111,792	¥ (1,144)	¥ (2,604)	¥ 9,145	¥ 17,991	¥ 191,241	
Core Operating Cash Flow.....	¥ 86,720	¥ 22,225	¥ 55,495	¥ 3,939	¥ (1,266)	¥ 8,156	¥ 12,123	¥ 187,392	

Millions of Yen			
Three-month period ended September 30, 2023:	Adjustments and Eliminations		Consolidated Total
	All Other		
Revenue	¥ 773	¥ —	¥ 3,228,307
Gross Profit	¥ 1,100	¥ 927	¥ 307,664
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ —	¥ 136	¥ 101,945
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ (1,901)	¥ 14,071	¥ 203,411
Core Operating Cash Flow.....	¥ (9,732)	¥ 41,550	¥ 219,210

Three-month period ended September 30, 2022:	Millions of Yen								
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total	
Revenue.....	¥ 529,844	¥ 1,009,627	¥ 288,048	¥ 830,724	¥ 187,131	¥ 805,114	¥ 53,141	¥	¥ 3,703,629
Gross Profit.....	¥ 95,923	¥ 46,047	¥ 53,558	¥ 54,629	¥ 12,036	¥ 35,477	¥ 20,048	¥	¥ 317,718
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 40,767	¥ 19,843	¥ 56,239	¥ 6,721	¥ 8,054	¥ 8,830	¥ 4,185	¥	¥ 144,639
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ 127,440	¥ 31,687	¥ 50,713	¥ 16,165	¥ 7,371	¥ (823)	¥ 15,083	¥	¥ 247,636
Core Operating Cash Flow.....	¥ 127,372	¥ 72,374	¥ 57,006	¥ 18,874	¥ 4,390	¥ (3,253)	¥ 6,256	¥	¥ 283,019

Three-month period ended September 30, 2022:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ (345)	¥ —	¥ 3,703,284
Gross Profit	¥ (47)	¥ 814	¥ 318,485
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (15)	¥ 112	¥ 144,736
Profit(Loss) for the Period Attributable to Owners of the Parent.....	¥ (2,749)	¥ 19,217	¥ 264,104
Core Operating Cash Flow.....	¥ (2,645)	¥ 30,711	¥ 311,085

- Notes: (1)“All Other” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of “All Other” at September 30, 2023 and March 31, 2023 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.
- (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.

7. 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.6 "SEGMENT INFORMATION". Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

Six-month period ended September 30, 2023:	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	¥ 827,344	¥ 449,499	¥ 579,278	¥ 1,353,710	¥ 341,442	¥ 1,202,189	¥ 95,434	¥ 858	¥ 4,849,754

Six-month period ended September 30, 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	¥ 953,452	¥ 869,671	¥ 464,176	¥ 1,684,968	¥ 365,711	¥ 1,070,931	¥ 81,066	¥ 257	¥ 5,490,232

8. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The amounts of acquisitions (excluding acquisitions through business combination) and disposals of property, plant and equipment for the six-month period ended September 30, 2023 were ¥169,761 million and ¥133,804 million, respectively.

The amounts of acquisitions (excluding acquisitions through business combination) and disposals of property, plant and equipment for the six-month period ended September 30, 2022 were ¥122,941 million and ¥28,512 million, respectively.

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

9. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

The amount of impairment loss for assets for the six-month period ended September 30, 2023 was not material.

For the six-month period ended September 30, 2022, an impairment loss of ¥8,411 million in the Machinery & Infrastructure Segment engaged in the 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.

The amounts of reversals of impairment losses for assets for the six-month period ended September 30, 2023 and 2022 were not material.

10. BONDS AND LOANS

Bonds

The total amount of repaid bonds for the six-month period ended September 30, 2023 was not material.

The total amount of issued bonds for the six-month period ended September 30, 2023 was not material.

The total amount of repaid bonds for the six-month period ended September 30, 2022 was not material.

The total amount of issued bonds for the six-month period ended September 30, 2022 was not material.

Loans

The loans executed for the six-month period ended September 30, 2023 include a subordinated syndicated loan of ¥215,000 million (Maturity Date: June 15, 2083), whose prepayment will be enabled on and after September 25, 2030.

Furthermore, the subordinated syndicated loan of ¥350,000 million (Maturity Date: June 15, 2076) executed in the three-month period ended June 30, 2016 was repaid in advance on June 15, 2023.

11. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2023 and 2022 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2022
Financial Assets Measured at FVTOCI:		
Balance at beginning of period	¥ 215,612	¥ 465,091
Increase (decrease) during the period	16,535	(257,461)
Transfer to retained earnings	(802)	(11,667)
Balance at end of period	¥ 231,345	¥ 195,963
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period	¥ -	¥ -
Increase (decrease) during the period	(5)	203
Transfer to retained earnings	5	(203)
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period	¥ 638,502	¥ 478,584
Increase (decrease) during the period	407,724	407,014
Balance at end of period	¥ 1,046,226	¥ 885,598
Cash Flow Hedges:		
Balance at beginning of period	¥ 14,849	¥ (116,234)
Increase (decrease) during the period	9,185	(54,652)
Balance at end of period	¥ 24,034	¥ (170,886)
Total:		
Balance at beginning of period	¥ 868,963	¥ 827,441
Increase (decrease) during the period	433,439	95,104
Transfer to retained earnings	(797)	(11,870)
Balance at end of period	¥ 1,301,605	¥ 910,675

12. DIVIDENDS

During the six-month periods ended September 30, 2023 and 2022, the Company paid dividends of ¥75 per share (total dividend of ¥114,325 million) and ¥60 per share (total dividend of ¥96,058 million), respectively.

14. 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 September 30, 2023 and March 31, 2023. 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 September 30, 2023.

		Millions of Yen			
		Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
September 30, 2023					
Type of guarantees:					
Financial guarantees					
Guarantees for third parties	¥	387,278	¥ 134,472	¥ —	¥ 134,472
Guarantees for investments accounted for using the equity method		858,084	575,446	180,823	394,623
Performance guarantees					
Guarantees for third parties		51,578	42,416	23,780	18,636
Guarantees for investments accounted for using the equity method		61,280	54,546	18	54,528
Total	¥	<u>1,358,220</u>	<u>¥ 806,880</u>	<u>¥ 204,621</u>	<u>¥ 602,259</u>

Millions of Yen

	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2023				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 386,108	¥ 149,959	¥ 2,723	¥ 147,236
Guarantees for investments accounted for using the equity method	825,769	570,010	201,926	368,084
Performance guarantees				
Guarantees for third parties	38,676	35,220	28,882	6,338
Guarantees for investments accounted for using the equity method	46,205	40,184	102	40,082
Total	<u>¥ 1,296,758</u>	<u>¥ 795,373</u>	<u>¥ 233,633</u>	<u>¥ 561,740</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 September 30, 2023 and March 31, 2023 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 September 30, 2023 and March 31, 2023 will expire through 2029 and 2031, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2023 and March 31, 2023.

Millions of Yen

	September 30, 2023	March 31, 2023
Within 1 year	¥ 524,567	¥ 348,755
After 1 to 5 years	542,391	671,321
After 5 years	291,262	276,682
Total	<u>¥ 1,358,220</u>	<u>¥ 1,296,758</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.

15. 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

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using quoted market prices and classified as level 1.
- Non-marketable other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted

prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.

- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of September 30, 2023 and March 31, 2023 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. The Company engages 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 September 30, 2023 and March 31, 2023 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2023 and 2022.

September 30, 2023	Millions of Yen				
	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets :					
Other investments:					
Financial assets measured at FVTPL.....	¥ 7,675	-	¥ 393,363		
Financial assets measured at FVTOCI.....	1,156,195	-	702,912		
Total other investments	¥ 1,163,870	-	¥ 1,096,275	-	¥ 2,260,145
Derivative assets:					
Foreign exchange contracts.....	-	¥ 291,536	-		
Interest rate contracts.....	-	31,483	-		
Commodity contracts.....	¥ 73,371	1,408,310	¥ 5,687		
Others.....	-	-	29,402		
Total derivative assets	¥ 73,371	¥ 1,731,329	¥ 35,089	¥ (1,224,899)	¥ 614,890
Inventories.....	-	¥ 144,968	-	-	¥ 144,968
Total assets.....	¥ 1,237,241	¥ 1,876,297	¥ 1,131,364	¥ (1,224,899)	¥ 3,020,003
Liabilities (Note3):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 389,330	-		
Interest rate contracts.....	-	45,087	-		
Commodity contracts.....	¥ 44,170	1,394,828	¥ 2,805		
Others.....	-	-	15,584		
Total derivative liabilities	¥ 44,170	¥ 1,829,245	¥ 18,389	¥ (1,198,665)	¥ 693,139
Total liabilities.....	¥ 44,170	¥ 1,829,245	¥ 18,389	¥ (1,198,665)	¥ 693,139

Millions of Yen

March 31, 2023

	Fair value measurements using			Netting adjustments (Note1)	Total fair value
	Level 1	Level 2	Level 3		
Assets (Note2):					
Other investments:					
Financial assets measured at FVTPL.....	¥ 6,920	-	¥ 340,625		
Financial assets measured at FVTOCI.....	1,140,663	-	634,342		
Total other investments	¥ 1,147,583	-	¥ 974,967	-	¥ 2,122,550
Derivative assets:					
Foreign exchange contracts.....	-	¥ 115,974	-		
Interest rate contracts.....	-	39,974	-		
Commodity contracts.....	¥ 77,123	1,271,248	¥ 9,711		
Others.....	-	-	28,393		
Total derivative assets	¥ 77,123	¥ 1,427,196	¥ 38,104	¥ (1,095,070)	¥ 447,353
Inventories.....	-	¥ 174,470	-	-	¥ 174,470
Total assets.....	¥ 1,224,706	¥ 1,601,666	¥ 1,013,071	¥ (1,095,070)	¥ 2,744,373
Liabilities (Note3):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 158,823	-		
Interest rate contracts.....	-	28,818	-		
Commodity contracts.....	¥ 80,272	1,221,013	¥ 3,680		
Others.....	-	-	12,031		
Total derivative liabilities	¥ 80,272	¥ 1,408,654	¥ 15,711	¥ (1,071,627)	¥ 433,010
Total liabilities.....	¥ 80,272	¥ 1,408,654	¥ 15,711	¥ (1,071,627)	¥ 433,010

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 six-month period ended September 30, 2023 and 2022 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2022
Balance at beginning of period	¥ 340,625	¥ 259,795
Gains (losses)	19,853	10,960
Purchases	28,794	30,374
Sales/Redemptions	(4,183)	(3,840)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note1)	(1,800)	-
Others (Note2)	10,074	11,220
Balance at end of period	¥ 393,363	¥ 308,509
Net change in unrealized gains (losses) still held at end of period	¥ 19,639	¥ 10,411

Note 1: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.

Note 2: "Others" includes the effect of changes in foreign exchange rates (including in the foreign currency translation adjustments), in scope of consolidation and others.

Gains (losses) related to financial assets measured at FVTPL for the six-month period ended September 30, 2023 and 2022 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 six-month period ended September 30, 2023 and 2022 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2022
Balance at beginning of period	¥ 634,342	¥ 732,436
Other comprehensive income (Note1)..	51,555	(82,085)
Purchases	12,774	6,656
Sales	(9,018)	(19,720)
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Others (Note2)	13,259	3,563
Balance at end of period	¥ 702,912	¥ 640,849

Note 1: "Other comprehensive income" for the six-month period ended September 30, 2023 increased mainly due to the effect of change in foreign exchange rates and increase of fair value in investment in LNG project.

"Other comprehensive income" for the six-month period ended September 30, 2022 decreased mainly due to the decrease of fair value in investment in LNG project by the uncertainty arising from the Russian LNG business and the fair value in investment in the mineral & metal resources projects decreased mainly due to the decrease in iron ore prices, in spite of the positive effect of change in foreign exchange rates. Regarding the Russian LNG business, please refer to Note 18 "IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

Note 2: "Others" includes the effect of changes in scope of consolidation and others.

Other comprehensive income related to financial assets measured at FVTOCI for the six-month period ended September 30, 2023 and 2022 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 six-month period ended September 30, 2023 and 2022 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2023		Six-month period ended September 30, 2022	
Balance at beginning of period	¥	38,104	¥	35,013
Gains (losses) (Note1).....		(7,737)		19,781
Other comprehensive income		1,186		1,406
Purchases		3,536		19
Set off		-		(193)
Balance at end of period	¥	35,089	¥	56,026
Net change in unrealized gains (losses) still held at end of period	¥	(7,737)	¥	19,781

Note 1: “Gain (losses)” for the six-month period ended September 30, 2022 increased mainly due to the effect of change in foreign exchange rates.

The reconciliation of derivative liabilities for the six-month period ended September 30, 2023 and 2022 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2023		Six-month period ended September 30, 2022	
Balance at beginning of period	¥	15,711	¥	9,872
Gains (losses)		(1,706)		4,905
Other comprehensive income		1,904		1,609
Purchases		2,480		1,044
Set off		-		(1,102)
Balance at end of period	¥	18,389	¥	16,328
Net change in unrealized gains (losses) still held at end of period	¥	(1,706)	¥	4,905

Gains (losses) of above table in relation to the derivative assets and liabilities for the six-month period ended September 30, 2023 and 2022 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 September 30, 2023 and March 31, 2023 were as follows:

September 30, 2023	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL Financial assets measured at FVTOCI	Income approach	Discount rate	6.8% ~ 34.9%
March 31, 2023	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTPL Financial assets measured at FVTOCI	Income approach	Discount rate	6.8% ~ 34.1%

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 the recent US\$95/bbl to US\$85/bbl in the short term, US\$80/bbl in a few years, and remain at after then, considering the recent market price and several third parties' forecasts. Regarding the Russian LNG business, please refer to Note 18 "IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS".

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 September 30, 2023 and March 31, 2023 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			
	September 30, 2023		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 12,014	¥ 11,890	¥ 11,553	¥ 11,550
Non-current receivables				
Trade and other receivables (Note 1) and other financial assets (excluding derivative assets) (Note 2)	379,565	379,509	424,745	424,734
Non-current liabilities				
Long-term debt, less current portion (Note 1) and other financial liabilities (excluding derivative liabilities) (Note 2)	¥ 4,100,169	¥ 4,160,137	¥ 3,916,737	¥ 3,962,729

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.

16. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company (“ITC”), a wholly owned U.S. subsidiary of Mitsui & 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. On July 6, 2023, U.S. Chemical Safety and Hazard Investigation Board released its final investigation report with respect to the fire incident, and determined that the fire was caused by the release of a flammable naphtha product from a failure of the Tank 80-8 circulation pump, which accumulated in the area and ignited.

The profit and loss related to this incident recognized in the six-month period ended September 30, 2023 and 2022, and the outstanding balance of related provision and assets recognized as reimbursement as of September 30, 2023 are immaterial.

While there are multiple lawsuits that have been brought against ITC in relation to this incident, ITC has reached an agreement in principle to resolve many of the lawsuits and claims to the extent the settlement amount is fully covered by insurance. Certain additional lawsuits are not covered by the proposed settlement and will remain

pending against ITC. As of now, the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

17. 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.

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

The Company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.

18. 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 held by MIT SEL Investment, a subsidiary of the Company that invests in Sakhalin Energy LLC (“SELLC”), while the decision on the new LLC member of SELLC has been acknowledged by Order of the Government of the Russian Federation dated April 11, 2023 (No.890), the situation still remains uncertain as the relevant LLC members agreement is not signed, etc. Under this situation, the fair value of our investment in the Sakhalin II project was measured using the income approach by expected present value technique and the probability-weighted average considering a scenario where the continuous dividend income is expected from SELLC and other scenarios. As a result, the fair value increased by ¥12,417 million from the balance as of March 31, 2023, and it 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 as of September 30, 2023 and March 31, 2023 were ¥123,732 million and ¥98,505 million, respectively. The fair value may increase or decrease due to further changes in situation hereafter.

In addition, the carrying amount of the investments in Japan Arctic LNG, an equity accounted investee that invests in and finances the Arctic LNG 2 project, and the assets value held by Japan Arctic LNG were revaluated during the current period, however the profit and loss and comprehensive income recognized in the current period were immaterial. The outstanding balances of the investments and loans (*) as of September 30, 2023 and March 31, 2023 were ¥17,131 million and ¥15,759 million, respectively. The balance of financial guarantees as contingent liabilities were ¥251,760 million and ¥223,415 million, respectively, and the provision for loss on guarantees included in "Other financial liabilities" in the Condensed Consolidated Statements of Financial Position were ¥19,954 million and ¥18,213 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 etc. may have a significant impact on the amounts of related investments, loans and financial guarantees in the Condensed Consolidated Financial Statements for the next quarter period and thereafter. On November 2, 2023 (US time), the Office of Foreign Assets Control of the US Department of the Treasury announced that Arctic LNG2 has been additionally designated as Specially Designated Nationals. While the Company will take appropriate measures in compliance with laws and regulations cooperating with stakeholders, based on the rights and obligations of Japan Arctic LNG and the Company under various agreements including the shareholders agreement, the impact is under examination.

(*) 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.

19. SUBSEQUENT EVENTS

Stock Repurchase

At the meeting of the Board of Directors held on October 31, 2023, the Company resolved to repurchase its shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan. Details of the repurchase are as follows.

1. Purpose of share repurchase
To enhance shareholder returns and to improve capital efficiency
2. Details of repurchase
 - (1) Class of share
Common stock of the Company
 - (2) Number of shares to be repurchased
Up to 12.5 million shares
 - (3) Total amount
Up to 50,000 million yen
 - (4) Repurchase period
From November 1, 2023 to January 31, 2024
 - (5) Repurchase method
Auction market on Tokyo Stock Exchange

Cancellation of Treasury Stock

At the meeting of the Board of Directors held on October 31, 2023, the Company resolved to cancel a part of its treasury stock in accordance with Article 178 of the Companies Act of Japan. Details of the cancellation are as follows.

1. Class of share
Common stock of the Company
2. Total number of treasury stock to be cancelled
All shares repurchased pursuant to “Stock Repurchase” above (in total, up to 0.82% of total number of shares outstanding prior to the cancellation)
3. Scheduled date of cancellation
February 15, 2024

Interim Dividend

On October 31, 2023, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2023 of ¥85 per share or a total of ¥128,665 million.

20. 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, Senior Executive Managing Officer and CFO, on November 9, 2023.