

Quarterly Securities Report
for the Nine-Month Period Ended December 31, 2023

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2023, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 13, 2024.

Mitsui & Co., Ltd.

CONTENTS

	Page
1. Overview of Mitsui and Its Subsidiaries	2
1. Selected Financial Data	2
2. Business Overview	2
2. Operating and Financial Review and Prospects	3
1. Risk Factors	3
2. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows	3
3. Material Contracts	24
3. Condensed Consolidated Financial Statements	25

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

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended December 31, 2023 and 2022 and as of or for the year ended March 31, 2023

	In millions of Yen, except amounts per share and other					
		Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2022	Three-month period ended December 31, 2023	Three-month period ended December 31, 2022	As of or for the year ended March 31, 2023
Consolidated financial data						
Revenue	¥	9,998,472	11,036,515	3,621,034	3,612,700	14,306,402
Gross profit	¥	984,413	1,018,249	376,019	386,334	1,396,228
Profit for the period attributable to owners of the parent	¥	726,407	840,787	270,146	301,683	1,130,630
Comprehensive income for the period attributable to owners of the parent	¥	1,090,418	905,480	200,730	271,686	1,224,588
Total equity attributable to owners of the parent	¥	-	-	7,100,696	6,120,427	6,367,750
Total assets	¥	-	-	16,488,932	15,568,985	15,380,916
Basic earnings per share attributable to owners of the parent (Yen)	¥	480.90	533.17	179.63	193.70	721.82
Diluted earnings per share attributable to owners of the parent (Yen)	¥	480.58	532.99	179.50	193.64	721.41
Equity attributable to owners of the parent ratio	%	-	-	43.06	39.31	41.40
Cash flows from operating activities	¥	681,604	599,896	-	-	1,047,537
Cash flows from investing activities	¥	(323,825)	(126,402)	-	-	(178,341)
Cash flows from financing activities	¥	(676,973)	(377,655)	-	-	(634,685)
Cash and cash equivalents at end of period	¥	-	-	1,121,610	1,245,818	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 nine-month period ended December 31, 2023.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 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 December 31, 2023, unless otherwise indicated.

(1) Operating Environment

In the nine-month period ended December 31, 2023, the US economy was generally firm while growth in Europe continued to stall and China's recovery was weak. As a result, the overall global economy continued to slow.

In the US, the economy showed overall strength, supported by persistent consumer spending against a backdrop of solid employment, but there was a sense of a slowdown in the last quarter due to the effects of monetary tightening. Looking ahead, as inflation further settles down, consumer spending is expected to pick up and the Federal Reserve is expected to lower interest rates, leading to expectations the economy will gradually emerge from this slowdown and transition into a recovery phase. In Europe, the economy continued to stall due to the impact of monetary tightening and a slump in exports. Looking ahead, although there are hopes of a recovery in consumer spending as inflation settles down, a slow recovery in China, a major export destination for the region, is expected to lead to a considerably slow recovery pace. In Japan, domestic demand including consumer spending and capital investment was weak, but the economy continued to recover, albeit slowly, due in part to an increase in exports, including automobiles, and a recovery in inbound demand. Looking ahead, although there are concerns about the impact of the Noto Peninsula earthquake and other factors, the recovery trend is expected to continue as consumer spending is expected to pick up due to favorable employment and income conditions. In China, investment in real estate development decreased and exports were sluggish leading to a weak economic situation. Looking ahead, there are concerns over a prolonging of the situation in the real estate market. However, expansive policies are being put in place and there are expectations that the economy will be bottoming out. In Brazil, as inflation eased, a lowering of interest rates began in August 2023, and there are expectations for a pick-up in consumer spending and capital investment. In Russia, in addition to lower oil prices, downward pressure on economic activity is expected to remain due to economic sanctions imposed by the international community, but an increase in annual expenditure, such as defense spending, is leading to growth.

The global economy is expected to breakout from a period of deceleration in the second half of 2024 onwards, as inflation in the US, Europe, and other developed countries is expected to settle down, and as the US is expected to shift away from its tight monetary policy through lower interest rates and other means. However, geopolitical risks such as increased instability in the Middle East remain a concern.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		9,998.5	11,036.5	(1,038.0)
Gross Profit		984.4	1,018.2	(33.8)
Selling, General and Administrative Expenses		(586.3)	(511.7)	(74.6)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	150.1	54.5	+95.6
	Impairment Reversal (Loss) of Fixed Assets—Net	(12.8)	(16.1)	+3.3
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	15.1	16.8	(1.7)
	Other Income (Expense)—Net	(23.6)	22.8	(46.4)
Finance Income (Costs)	Interest Income	50.5	32.3	+18.2
	Dividend Income	95.8	103.4	(7.6)
	Interest Expense	(121.9)	(72.9)	(49.0)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		382.1	417.4	(35.3)
Income Taxes		(190.3)	(202.5)	+12.2
Profit for the Period		743.2	862.3	(119.1)
Profit for the Period Attributable to Owners of the Parent		726.4	840.8	(114.4)

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

Revenue

Revenue for the nine-month period ended December 31, 2023 (“current period”) was ¥9,998.5 billion, a decrease of ¥1,038.0 billion from ¥11,036.5 billion for the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

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

Selling, General and Administrative Expenses

Mainly the Lifestyle and Machinery & Infrastructure segments recorded an increase in expenses. The table provides a breakdown of Selling, General and Administrative Expenses.

	Billions of Yen		
	Current Period	Previous Period	Change*
Personnel	¥ (316.7)	¥ (278.7)	¥ (38.0)
Welfare	(11.8)	(10.1)	(1.7)
Travel	(24.1)	(18.6)	(5.5)
Entertainment	(5.5)	(4.6)	(0.9)
Communication	(45.5)	(40.1)	(5.4)
Rent	(10.4)	(8.3)	(2.1)
Depreciation	(35.9)	(31.4)	(4.5)
Fees and Taxes	(9.9)	(12.1)	+2.2
Loss Allowance	(14.5)	(15.0)	+0.5
Others	(112.0)	(92.8)	(19.2)
Total	¥ (586.3)	¥ (511.7)	¥ (74.6)

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

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, mainly the Machinery & Infrastructure, Lifestyle, Innovation & Corporate Development, and Chemicals segments recorded profit and loss related to securities.

For the previous period, mainly the Mineral & Metal Resources and Innovation & Corporate Development segments recorded a gain on sales of securities, while the Machinery & Infrastructure segment recorded an impairment loss.

Impairment Reversal (Loss) of Fixed Assets—Net

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

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

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

Other Income (Expense)—Net

For the current and previous periods, multiple segments recorded profit and loss related to provisions, foreign exchange, commodity prices, and interest rates. Also, while the Energy segment recorded a profit in accordance with the sale of a business, the Lifestyle segment declined due to a valuation on an options contract.

Finance Income (Costs)

Dividend Income

Mainly the Energy segment recorded a decrease.

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

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

Income Taxes

Income taxes for the current period were ¥190.3 billion, a decrease of ¥12.2 billion from ¥202.5 billion for the previous period. The effective tax rate for the current period was 20.4%, an increase of 1.4 percentage points from 19.0% 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 ¥726.4 billion, a decrease of ¥114.4 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

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	242.1	355.4	(113.3)	
Gross Profit	259.9	282.7	(22.8)	<ul style="list-style-type: none"> • Mitsui Resources -41.0 (lower metallurgical coal prices) • Iron ore mining operations in Australia +21.2 (higher iron ore prices)
Profit (Loss) of Equity Method Investments	52.4	103.2	(50.8)	<ul style="list-style-type: none"> • Decrease due to sale of Stanmore SMC • Oriente Copper Netherlands*¹ -21.5 (impairment loss*² -12.2, new mining royalty in Chile -6.3, other factors) • INNER MONGOLIA ERDOS ELECTRIC POWER AND METALLURGY GROUP -9.1 (lower prices in ferroalloys and chemicals businesses) • Iron ore mining operations in Australia +5.6
Dividend Income	58.1	51.6	+6.5	<ul style="list-style-type: none"> • Higher dividends from Vale +7.7 (current period 36.5, previous period 28.8)
Selling, General and Administrative Expenses	(27.5)	(25.6)	(1.9)	
Others	(100.8)	(56.5)	(44.3)	<ul style="list-style-type: none"> • Absence of gain on sale of Stanmore SMC recorded in the previous period -36.7 • Increase in interest expense at Oriente Copper Netherlands*¹ -5.2 • Mitsui Resources foreign exchange related loss -4.2 • Increase in net interest income at iron ore mining operations in Australia +6.1

*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.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	95.8	190.8	(95.0)	
Gross Profit	139.5	194.8	(55.3)	<ul style="list-style-type: none"> • Mitsui E&P Australia -38.1 (volume decrease, increase in costs) • Mitsui E&P USA -35.4 (lower gas prices) • MEP Texas Holdings -7.7 (lower oil and gas prices) • MOEX North America -5.1 (decrease due to sale of interest recorded in the current period, lower oil prices) • Mitsui E&P Middle East -3.8 (lower oil prices) • Increase in LNG trading • Fuel supply trading related profit +4.7 (absence of loss recorded in the previous period)
Profit (Loss) of Equity Method Investments	53.7	78.4	(24.7)	<ul style="list-style-type: none"> • Decrease in Japan Australia LNG (MIMI) (lower oil and gas prices) • Japan Arctic LNG -4.4 (oil prices and foreign exchange valuation profit) • Mitsui Oil Exploration -3.2 (absence of profit due to changes to lease accounting in the previous period, other factors)
Dividend Income	16.2	32.5	(16.3)	<ul style="list-style-type: none"> • 4 LNG projects*¹ -15.0 (current period 15.8, previous period 30.8)
Selling, General and Administrative Expenses	(46.9)	(43.2)	(3.7)	
Others	(66.7)	(71.7)	+5.0	<ul style="list-style-type: none"> • Gain on sale of Kaikias field +11.8 • MOEX North America +3.8 (derivative related profit and loss) • Increase in interest expenses at several business divisions within Mitsui & Co. HQ -15.1 • Loss allowance for Arctic LNG 2 project guarantees*² -13.5 • Mitsui Oil Exploration (recorded geothermal steam release related expenses) • Foreign exchange hedging loss related to fuel supply trading and other factors -4.0

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

*2 Including loss allowance of 12.3 billion yen in the third quarter of this fiscal year.

Machinery & Infrastructure

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	210.2	131.1	+79.1	
Gross Profit	169.0	147.7	+21.3	<ul style="list-style-type: none"> • Increase in number of ships delivered • Komatsu-Mitsui Maquinarias Perú +4.0 (good sales performance) • Hino Mexico +3.4 (good sales performance) • Position Partners consolidation +3.0 • Decrease in profit after sale of Mitsui Rail Capital Europe -3.6 • Absence of profit from Brazilian passenger railway business recorded in the previous period
Profit (Loss) of Equity Method Investments	183.0	151.7	+31.3	<ul style="list-style-type: none"> • Canadian automotive company (increase in unit sales, decrease in sales promotion expenses) • One-time valuation gain due to acquisition of shares in MPIC^{*1} and other factors +10.2 • VLI +7.2 (increase due to swing back of lower profit recorded in the previous period owing to bad weather and other factors, reduction in fixed assets impairment loss^{*2} +2.4) • Power generation business in Thailand +5.9 (becoming partially operational, other factors) • FPSO +3.8 (increase due to MV34 and other FPSOs starting operations) • East Anglia^{*3} +3.4 (resumption of earnings contribution following book value recovery) • Fixed assets impairment loss at Mainstream^{*4} -15.1 • MBK USA Commercial Vehicles -15.0 (increase in interest expense, lower profit from sale of used cars) • Decrease in Paiton
Dividend Income	4.9	3.1	+1.8	
Selling, General and Administrative Expenses	(139.6)	(120.6)	(19.0)	<ul style="list-style-type: none"> • BAF^{*5} -5.7 (increase in provisions for receivables, other factors)

Others	(7.1)	(50.8)	+43.7	<ul style="list-style-type: none"> • Gain on sale of Mitsui Rail Capital Europe +64.4 • Dividends from Paiton +9.4 • Gain on sale of International Power (Australia) Holdings +8.7 • Absence of fixed assets impairment loss in Brazilian passenger railway business recorded in the previous period^{*6} +8.4 • Gain on sale of gas-fired power generation business in Ontario, Canada +4.6 • Profit related to gain on sale of BAF^{*5} +4.1 • Absence of MT Falcon impairment loss recorded in the previous period^{*7} +3.1 • Impairment loss of goodwill at Mainstream^{*8} -12.9 • Fixed assets impairment loss in Brazilian passenger railway business^{*9} -9.8 • Absence of corporate income tax burden decrease resulting from the sale of Lucid Group shares recorded in the previous period^{*10} -5.7 • Provision for Hazelwood power generation business in Australia^{*11} -5.7
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*1 Metro Pacific Investments Corporation, an integrated infrastructure company in the Philippines.

*2 VLI recorded a fixed assets impairment loss of ¥7.0 billion in the previous period and ¥4.6 billion in the current period due to the reassessment of a recoverable amount of some assets related to a Brazilian freight railway concession.

*3 A passenger rail franchise business in the UK.

*4 Recorded an equity method loss of ¥15.1 billion due to a fixed asset impairment loss related to Mainstream's projects mainly in Chile.

*5 Bussan Auto Finance

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

*7 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.

*8 Recorded a valuation loss on securities of ¥12.9 billion due to an impairment of goodwill related to Mainstream's projects.

*9 A fixed asset impairment loss of ¥9.8 billion was recorded based on the latest estimation regarding the decrease in revenue for the passenger railway business in Brazil.

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

*11 An additional provision was recorded due to a revision in expenses related to the closure of the mine.

Chemicals

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	37.1	54.7	(17.6)	
Gross Profit	152.3	160.0	(7.7)	<ul style="list-style-type: none"> • Decrease in Mitsui Agro Business (lower prices) • Decrease in fertilizer related trading (lower prices) • MMTX +4.6 (lower raw material prices, good production) • Intercontinental Terminals Company +3.4 (good performance)
Profit (Loss) of Equity Method Investments	20.3	21.3	(1.0)	<ul style="list-style-type: none"> • Japan-Arabia Methanol -3.0 (lower prices) • Hexagon Composites +6.6 (mainly a valuation gain due to one of its subsidiaries becoming an equity accounted investee)
Dividend Income	3.0	3.2	(0.2)	
Selling, General and Administrative Expenses	(113.6)	(103.1)	(10.5)	
Others	(24.9)	(26.7)	+1.8	• Gain on sale of Thorne HealthTech +11.5

Iron & Steel Products

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	7.5	19.5	(12.0)	
Gross Profit	32.4	32.0	+0.4	
Profit (Loss) of Equity Method Investments	14.6	19.4	(4.8)	• Impairment loss recorded in Gestamp -4.1
Dividend Income	2.7	2.5	+0.2	
Selling, General and Administrative Expenses	(23.8)	(20.9)	(2.9)	
Others	(18.4)	(13.5)	(4.9)	

Lifestyle

(Billions of Yen)	Current Period	Previous Period	Change	Description
Profit for the Period Attributable to Owners of the Parent	85.5	42.3	+43.2	
Gross Profit	141.4	117.8	+23.6	<ul style="list-style-type: none"> • Aim Services becoming a subsidiary +16.1 • AUSJ*¹ becoming a subsidiary +6.1 • Absence of fair value valuation loss of drug discovery support fund recorded in the previous period +5.2 • Food import and export business foreign exchange impact -5.5 • MBK HUMAN CAPITAL -3.0 (decrease in demand and unit price)
Profit (Loss) of Equity Method Investments	45.1	29.9	+15.2	<ul style="list-style-type: none"> • WILSEY FOODS +14.0 (good performance and sale of a part of the business at Ventura Foods, a manufacturer of processed oil food)
Dividend Income	7.0	6.0	+1.0	
Selling, General and Administrative Expenses	(130.5)	(106.7)	(23.8)	<ul style="list-style-type: none"> • Aim Services becoming a subsidiary -12.6 • AUSJ*¹ becoming a subsidiary -5.3
Others	22.5	(4.7)	+27.2	<ul style="list-style-type: none"> • Aim Services fair value gain*² +43.4 • Foreign exchange hedging profit in coffee trading +9.9 • Food import and export business foreign exchange profit +5.4 • Absence of decrease in corporate income tax burden resulting from the sale of financial assets measured at FVTOCI recorded in the previous period*³ -12.2 • Put option related to R-Pharm*⁴ -8.4(current period -1.7, previous period +6.7) • Absence of Multigrain related tax refund recorded in the previous period -3.2

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

*4 A valuation gain/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	37.0	49.7	(12.7)	
Gross Profit	86.0	77.8	+8.2	
Profit (Loss) of Equity Method Investments	12.7	13.2	(0.5)	
Dividend Income	2.9	3.6	(0.7)	
Selling, General and Administrative Expenses	(67.2)	(60.9)	(6.3)	
Others	2.6	16.0	(13.4)	<ul style="list-style-type: none"> ● Absence of gain on sale of real estate business in Singapore recorded in the previous period*¹ ● Absence of gain on sale of real estate in the US recorded in the previous period*² -11.6 ● 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 sale of property in US real estate business*² +6.1 ● 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 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)	December 31, 2023	March 31, 2023	Change
Total Assets	16,488.9	15,380.9	+1,108.0
Current Assets	5,806.7	5,674.8	+131.9
Non-current Assets	10,682.3	9,706.1	+976.2
Current Liabilities	3,911.6	3,766.6	+145.0
Non-current Liabilities	5,252.6	5,049.1	+203.5
<i>Net Interest-bearing Debt</i>	3,326.9	3,212.7	+114.2
Total Equity Attributable to Owners of the Parent	7,100.7	6,367.8	+732.9
Net Debt-to-Equity Ratio (times)	0.47	0.50	(0.03)

(*) “Net Debt-to-Equity Ratio” (“Net DER”) is comprised of “net interest bearing debt” divided by total equity attributable to owners of the parent. We define “net interest bearing debt” as follows:

- calculate Interest-bearing debt by excluding lease liability from short-term debt and long-term debt.
- calculate net interest bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest bearing debt

Assets

Current Assets:

(Billions of Yen)	December 31, 2023	March 31, 2023	Change	Description
Current Assets	5,806.7	5,674.8	+131.9	
Cash and cash equivalents	1,121.6	1,390.1	(268.5)	
Trade and other receivables	2,302.5	2,191.2	+111.3	<ul style="list-style-type: none"> • Trade receivables +171.0 (EN, LI)^{*1} Increase in trading volume, seasonal factors • Loan receivables -74.2, of which BAF^{*2} -70.0
Other financial assets	922.7	773.0	+149.7	<ul style="list-style-type: none"> • (Corporate, EN, LI)^{*1} Increase in derivative assets • (Corporate, EN, IC)^{*1} Increase in margin deposits
Inventories	922.8	940.5	(17.7)	<ul style="list-style-type: none"> • (EN, IS, CH, MM)^{*1} Decrease in inventories • Komatsu Mining Corp. Perú becoming a subsidiary +11.3
Advance payments to suppliers	336.0	226.7	+109.3	<ul style="list-style-type: none"> • (MI)^{*1} Increase in trading volume
Other Current assets	201.1	153.3	+47.8	

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

*2 Bussan Auto Finance becoming an associated company.

Non-current Assets:

(Billions of Yen)	December 31, 2023	March 31, 2023	Change	Description
Non-current Assets	10,682.3	9,706.1	+976.2	
Investments accounted for using the equity method	4,561.7	3,929.6	+632.1	<ul style="list-style-type: none"> • Changes from equity method investments profit +382.1 • Foreign exchange fluctuations +239.6 • Nutrinova +74.9 • Offshore wind power project in Taiwan +70.1 (YECL^{*1} becoming a subsidiary and other factors) • Altius Link^{*2} +60.7 • Mit-Pacific Infrastructure Holdings^{*3} +32.4 • Renewable natural gas business +28.8 • FPSO business (MV32) +23.2 • Euricom +17.1 • BAF^{*4} +14.3 • Mitsui E&P Mozambique +13.8 • Overseas real estate businesses +13.7 • FPSO business (MV34) +10.7 • Dividends from equity accounted investees -331.6 • Sale of International Power (Australia) Holdings -17.3
Other investments	2,346.3	2,134.1	+212.2	<ul style="list-style-type: none"> • Fair value of FVTOCI financial assets +140.3 • Foreign exchange fluctuations +21.2 • Acquisition of Alvotech convertible bonds +10.5
Trade and other receivables	296.4	320.0	(23.6)	<ul style="list-style-type: none"> • BAF^{*4} -53.3
Other financial assets	165.4	208.0	(42.6)	<ul style="list-style-type: none"> • (MI)^{*5} Increase in trading volume, offshore wind power project in Taiwan (YECL^{*1} becoming a subsidiary and other factors)
Property, plant and equipment	2,348.5	2,300.6	+47.9	<ul style="list-style-type: none"> • Oil and gas projects +60.1 (including foreign exchange fluctuations +26.1) • Iron ore mining operations in Australia +42.3 (including foreign exchange fluctuations +33.4) • Mitsui Resources +13.3 (including foreign exchange fluctuations +8.4) • Mitsui Rail Capital Europe -81.8 • M&T Aviation sale of owned aircraft -27.5 • Depreciation of LNG vessels -11.9
Investment property	272.7	282.5	(9.8)	

Intangible assets	444.6	277.3	+167.3	<ul style="list-style-type: none"> • Aim Services becoming a subsidiary +124.7 • Komatsu Mining Corp. Perú becoming a subsidiary +14.4
Deferred tax assets	92.5	105.2	(12.7)	
Deferred tax assets	154.1	148.8	+5.3	

*1 Yushan Energy Co., Ltd.

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

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

*4 Bussan Auto Finance becoming an associated company.

*5 MI: Machinery & Infrastructure segment.

Liabilities

(Billions of Yen)	December 31, 2023	March 31, 2023	Change	Description
Current Liabilities	3,911.6	3,766.6	+145.0	
Short-term debt	447.4	432.2	+15.2	<ul style="list-style-type: none"> • Borrowing and repayments, as well as BAF*1 -21.6
Current portion of long-term debt	595.7	811.0	(215.3)	<ul style="list-style-type: none"> • Reclassification from non-current debt and repayments, as well as BAF*1 -28.4
Trade and other payables	1,736.9	1,510.4	+226.5	<ul style="list-style-type: none"> • Increase in trade payables (Mainly corresponding to an increase in trade receivables)
Other financial liabilities	663.8	622.0	+41.8	<ul style="list-style-type: none"> • Increase in accounts payable-other
Income tax payables	31.9	49.3	(17.4)	
Advances from customers	294.6	234.9	+59.7	<ul style="list-style-type: none"> • Corresponding to increase in advance payments
Provisions	78.3	59.0	+19.3	
Other current liabilities	63.1	47.8	+15.3	
Non-current Liabilities	5,252.6	5,049.1	+203.5	
Long-term debt, less the current portion	3,850.6	3,797.3	+53.3	<ul style="list-style-type: none"> • Reclassification to current portion and borrowings, as well as BAF*1 -43.8
Other financial liabilities	237.1	223.4	+13.7	<ul style="list-style-type: none"> • Increase in derivative liabilities
Retirement benefit liabilities	39.2	37.0	+2.2	
Provisions	321.6	310.5	+11.1	
Deferred tax liabilities	770.7	648.3	+122.4	
Other non-current liabilities	33.4	32.6	+0.8	

*1 Bussan Auto Finance becoming an associated company.

Equity

(Billions of Yen)	December 31, 2023	March 31, 2023	Change	Description
Common stock	343.1	342.6	+0.5	
Capital surplus	389.6	381.9	+7.7	
Retained earnings	5,241.1	4,840.5	+400.6	
Other components of equity	1,224.3	869.0	+355.3	
<breakdown>				
Financial assets measured at FVTOCI	295.0	215.6	+79.4	
Foreign currency translation adjustments	913.4	638.5	+274.9	<ul style="list-style-type: none"> • USD +107.8 (Dec-23 USD/JPY141.83, up from Mar-23 USD/JPY133.53) • AUD +88.3 (Dec-23 AUD/JPY96.94, up from Mar-23 AUD/JPY89.69)
Cash flow hedges	15.9	14.9	+1.0	
Treasury Stock	(97.3)	(66.2)	(31.1)	<ul style="list-style-type: none"> • Share repurchase -123.8 • Cancellation of treasury stock +92.0
Total equity attributable to owners of the parent	7,100.7	6,367.8	+732.9	
Non-controlling interests	224.0	197.4	+26.6	

*1 EN: Energy Segment

2) Cash Flows

(Billions of Yen)	Current Period	Previous Period	Change
Cash Flows from Operating Activities	681.6	599.9	+81.7
Cash Flows from Investing Activities	(323.8)	(126.4)	(197.4)
Free Cash Flow	357.8	473.5	(115.7)
Cash Flows from Financing Activities	(677.0)	(377.7)	(299.3)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	50.7	22.2	+28.5
Change in Cash and Cash Equivalents	(268.5)	118.0	(386.5)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash Flows from Operating Activities	a	681.6	599.9	+81.7
Cash Flows from Change in Working Capital	b	(141.9)	(403.9)	+262.0
Repayments of Lease Liabilities	c	(54.4)	(42.6)	(11.8)
Core Operating Cash Flow	a-b+c	769.1	961.2	(192.1)

- Cash flows from change in working capital (changes in operating assets and liabilities) was ¥141.9 billion of net cash outflow. Repayments of lease liabilities was ¥54.4 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 ¥769.1 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥451.4 billion, a decrease of ¥9.3 billion from ¥460.7 billion for the previous period.
 - Depreciation and amortization for the current period was ¥208.9 billion, an increase of ¥2.6 billion from ¥206.3 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	311.3	355.5	(44.2)
Energy	168.1	275.9	(107.8)
Machinery & Infrastructure	147.1	158.7	(11.6)
Chemicals	45.9	72.5	(26.6)
Iron & Steel Products	3.8	15.4	(11.6)
Lifestyle	49.6	31.2	+18.4
Innovation & Corporate Development	25.2	34.4	(9.2)
All Other and Adjustments and Eliminations	18.1	17.6	+0.5
Consolidated Total	769.1	961.2	(192.1)

The following table shows depreciation and amortization by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Mineral & Metal Resources	48.2	42.3	+5.9
Energy	64.5	70.0	(5.5)
Machinery & Infrastructure	22.8	26.1	(3.3)
Chemicals	24.1	23.6	+0.5
Iron & Steel Products	1.8	1.1	+0.7
Lifestyle	21.2	16.7	+4.5
Innovation & Corporate Development	12.8	14.0	(1.2)
All Other and Adjustments and Eliminations	13.5	12.5	+1.0
Consolidated Total	208.9	206.3	+2.6

Cash Flows from Investing Activities

(Billions of Yen)	Current Period	Previous Period	Description
Cash flows from investing activities	(323.8)	(126.4)	
Net change in investments to equity accounted investees	(249.5)	(79.1)	
Cash outflow	(348.7)	(200.1)	<ul style="list-style-type: none"> • Nutrinova -74.9 • Altius Link ^{*1} -60.4 • Mit-Pacific Infrastructure Holdings ^{*2} -32.4 • Renewable natural gas business -28.9 • FPSO business (MV32) -23.2 • Power generation business -18.8 • Euricom -17.1 • Mitsui E&P Mozambique -13.8 • Overseas real estate businesses -13.7 • FPSO business (MV34) -10.7
Cash inflow	99.2	121.0	<ul style="list-style-type: none"> • International Power (Australia) Holdings +25.9 • Thorne HealthTech +23.9
Net change in other investments	(0.2)	28.6	
Cash outflow	(83.4)	(74.7)	<ul style="list-style-type: none"> • Komatsu Mining Corp. Perú • Bussan Animal Health ^{*3} -10.7 • Acquisition of Alvotech convertible bonds -10.5
Cash inflow	83.2	103.3	<ul style="list-style-type: none"> • MyPower +18.7 • Sale of Kaikias field +17.4
Net change in property, plant, and equipment	(183.4)	(143.2)	
Cash outflow	(222.4)	(175.6)	<ul style="list-style-type: none"> • Oil and gas projects -54.4 • Iron ore mining operations in Australia -34.8 • Mitsui Resources -20.9 • MyPower -19.5
Cash inflow	39.0	32.4	<ul style="list-style-type: none"> • M&T Aviation sale of owned aircraft +30.8
Net change in investment property	29.4	31.3	
Cash outflow	(4.8)	(5.2)	
Cash inflow	34.2	36.5	<ul style="list-style-type: none"> • Sale of property in US real estate business +16.6 • Partial sale of Hibiya Fort Tower
Net change in loan receivables	20.1	1.2	<ul style="list-style-type: none"> • Repayment of loan from Gestamp North America +16.6
Net change in time deposits	2.5	37.2	
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) • 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	(677.0)	(377.7)	
Net change in short-term debt	9.9	101.5	
Net change in long-term debt	(262.1)	(0.6)	
(Proceeds from long-term debt)	741.1	861.0	
(Repayments of long-term debt)	(1,003.2)	(861.6)	
Repayments of lease liabilities	(54.4)	(42.6)	
Purchase and sales of treasury stock-net	(123.8)	(197.1)	• Including stock-based remuneration for employees -19.2
Dividends paid	(242.4)	(198.1)	
Transactions with non-controlling interest shareholders	(4.2)	(40.8)	

(4) Management Issues

1) Forecasts for the year ending March 31, 2024

<Assumption>	1-3Q (Actual)	4Q (Forecast)	Mar-24 Revised Forecast	Mar-24 Previous Forecast
Exchange rate (USD/JPY)	143.78	145.00	144.09	143.81
Crude oil (JCC)	\$86/bbl	\$77/bbl	\$84/bbl	\$85/bbl
Consolidated oil price	\$90/bbl	\$94/bbl	\$91/bbl	\$91/bbl

(Billions of Yen)	March 31, 2024 Revised forecast (February 2024)	March 31, 2024 Previous forecast (October 2023)	Change	Description
Gross Profit	1,310.0	1,270.0	+40.0	Mineral & Metal Resources
Selling, General and Administrative Expenses	(800.0)	(800.0)	-	
Gain on Investments, Fixed Assets and Other	130.0	230.0	(100.0)	Shift in asset sales timing, valuation loss
Interest Expenses	(110.0)	(110.0)	-	
Dividend Income	180.0	160.0	+20.0	Mineral & Metal Resources
Profit (Loss) of Equity Method Investments	490.0	460.0	+30.0	Mineral & Metal Resources
Profit before Income Taxes	1,200.0	1,210.0	(10.0)	
Income Taxes	(230.0)	(250.0)	+20.0	
Non-controlling Interests	(20.0)	(20.0)	-	
Profit for the Year Attributable to Owners of the Parent	950.0	940.0	+10.0	Rate of change: +1.1%
Depreciation and Amortization	280.0	280.0	-	
Core Operating Cash Flow	1,000.0	960.0	+40.0	Rate of change: +4.2%

- For further major assumptions in addition to oil prices and USD/JPY, please refer to "2) Key commodity prices and other parameters for the year ending March 31, 2024".

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

(Billions of Yen)	March 31, 2024 Revised forecast (February 2024)	March 31, 2024 Previous forecast (October 2023)	Change	Description
Mineral & Metal Resources	325.0	290.0	+35.0	Commodity prices
Energy	160.0	140.0	+20.0	LNG Trading
Machinery & Infrastructure	255.0	270.0	(15.0)	Shift in asset sales timing
Chemicals	45.0	60.0	(15.0)	Product prices
Iron & Steel Products	15.0	15.0	-	
Lifestyle	95.0	100.0	(5.0)	
Innovation & Corporate Development	55.0	60.0	(5.0)	
All Other and Adjustments and Eliminations	-	5.0	(5.0)	
Consolidated Total	950.0	940.0	+10.0	

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

(Billions of Yen)	March 31, 2024 Revised forecast (February 2024)	March 31, 2024 Previous forecast (October 2023)	Change	Description
Mineral & Metal Resources	400.0	350.0	+50.0	Commodity prices
Energy	250.0	240.0	+10.0	LNG Trading
Machinery & Infrastructure	170.0	150.0	+20.0	Dividends from associated companies
Chemicals	60.0	80.0	(20.0)	Product prices
Iron & Steel Products	10.0	10.0	-	
Lifestyle	50.0	60.0	(10.0)	Various factors
Innovation & Corporate Development	40.0	40.0	-	
All Other and Adjustments and Eliminations	20.0	30.0	(10.0)	
Consolidated Total	1,000.0	960.0	+40.0	

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

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2024. The effects of movements on each commodity price and foreign exchange rate on Profit for the Year Attributable to Owners of the Parent are included in the table.

	Impact on profit for the year attributable to owners of the parent for FY March 2024 (Announced May 2023)		FY March 2024 Previous forecast (Announced Oct 2023)	FY March 2024		FY March 2024 full-year forecast (Avg. of Q1-3 and Q4)
				Q1-3 Result	Q4 Assumption	
Commodity	Crude oil/JCC	-	85	86	77	84
	Consolidated oil price ^{*1}	¥2.6 bn (US\$1/bbl)	91	90	94	91
	US gas ^{*2}	¥1.4 bn (US\$0.1/mmBtu)	2.62	2.58 ^{*3}	2.91	2.66
	Iron ore ^{*4}	¥2.7 bn (US\$1/ton)	*5	118 ^{*6}	*5	*5
	Metallurgical coal	¥0.3 bn (US\$1/ton)	*5	283 ^{*7}	*5	*5
	Copper ^{*8}	¥0.7 bn (US\$100/ton)	8,566	8,588 ^{*9}	8,169	8,483
Forex ^{*10}	US\$	¥3.9 bn (¥1/US\$)	143.81	143.78	145.00	144.09
	Australian\$	¥2.7 bn (¥1/Australian\$)	91.72	94.47	95.00	94.60

- *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 Q1-3 (result) are the average daily prompt month closing prices for Henry Hub Natural Gas Futures traded on NYMEX during January to September 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 Q1-3 (result) are the daily average (reference price) spot index price (Fe 62% CFR North China) recorded in several industry trade magazines from April to December 2023.
- *7 Metallurgical coal figures for the year ending March 2024 Q1-3 (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 Q1-3 (result) are the averages of the LME monthly average cash settlement prices for the period from January to September 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.

3) Profit Distribution Policy

Our profit distribution policy is as follows:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between meeting demand for capital in our core and growth areas through reinvestment of our retained earnings, and based on the level of stable cash generation, directly providing 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 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, and ¥50.0 billion between November 1, 2023 and January 31, 2024, for a total of ¥120.0 billion.

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). Furthermore, for the current Medium-term Management Plan (from the year ending March 31, 2024 to the year ending March 31, 2026), we have set a minimum dividend of ¥170 per share and will 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) Significant Accounting Policies and estimates

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

(6) Research & Development

There are no contracts for which disclosure is required.

3. Material Contracts

There are no contracts for which disclosure is required.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
December 31, 2023 and March 31, 2023

	Millions of Yen	
	December 31, 2023	March 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,121,610	¥ 1,390,130
Trade and other receivables	2,302,535	2,191,181
Other financial assets (Note 15)	922,712	772,984
Inventories (Note 15)	922,793	940,543
Advance payments to suppliers	335,963	226,692
Other current assets	201,062	153,303
Total current assets	5,806,675	5,674,833
Non-current Assets:		
Investments accounted for using the equity method (Note 18)	4,561,727	3,929,636
Other investments (Notes 15 and 18)	2,346,295	2,134,103
Trade and other receivables (Notes 15 and 18)	296,371	320,040
Other financial assets (Note 15)	165,411	208,021
Property, plant and equipment (Note 8)	2,348,538	2,300,607
Investment property	272,682	282,497
Intangible assets	444,602	277,316
Deferred tax assets	92,508	105,197
Other non-current assets	154,123	148,666
Total non-current assets	10,682,257	9,706,083
Total assets	¥ 16,488,932	¥ 15,380,916

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
December 31, 2023 and March 31, 2023

	Millions of Yen	
	December 31, 2023	March 31, 2023
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 447,363	¥ 432,233
Current portion of long-term debt (Note 10)	595,738	810,999
Trade and other payables	1,736,879	1,510,391
Other financial liabilities (Notes 14 and 15)	663,750	621,979
Income tax payables	31,887	49,335
Advances from customers	294,566	234,946
Provisions	78,344	58,952
Other current liabilities	63,111	47,802
Total current liabilities	3,911,638	3,766,637
Non-current Liabilities:		
Long-term debt, less current portion (Notes 10 and 15)	3,850,579	3,797,328
Other financial liabilities (Notes 14, 15 and 18)	237,058	223,381
Retirement benefit liabilities	39,241	36,998
Provisions	321,550	310,513
Deferred tax liabilities	770,708	648,263
Other non-current liabilities	33,417	32,648
Total non-current liabilities	5,252,553	5,049,131
Total liabilities	9,164,191	8,815,768
Equity:		
Common stock	343,062	342,560
Capital surplus	389,561	381,869
Retained earnings	5,241,077	4,840,510
Other components of equity (Note 11)	1,224,278	868,963
Treasury stock	(97,282)	(66,152)
Total equity attributable to owners of the parent	7,100,696	6,367,750
Non-controlling interests	224,045	197,398
Total equity	7,324,741	6,565,148
Total liabilities and equity	¥ 16,488,932	¥ 15,380,916

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Nine-Month Periods Ended December 31, 2023 and 2022

	Millions of Yen	
	Nine-month Period Ended December 31, 2023	Nine-month Period Ended December 31, 2022
Revenue (Notes 3,6,7 and 15)	¥ 9,998,472	¥ 11,036,515
Cost (Note 15)	(9,014,059)	(10,018,266)
Gross Profit (Note 6)	984,413	1,018,249
Other Income (Expenses):		
Selling, general and administrative expenses	(586,308)	(511,716)
Gain (loss) on securities and other investments-net(Notes 3,5,9 and 15)	150,148	54,454
Impairment reversal (loss) of fixed assets-net(Note 9).....	(12,763)	(16,090)
Gain (loss) on disposal or sales of fixed assets-net	15,100	16,849
Other income (expense)-net (Notes 15 and 18).....	(23,612)	22,829
Total other income (expenses)	(457,435)	(433,674)
Finance Income (Costs):		
Interest income	50,481	32,336
Dividend income	95,828	103,394
Interest expense	(121,874)	(72,930)
Total finance income (costs)	24,435	62,800
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 6 and 9)	382,124	417,444
Profit before Income Taxes	933,537	1,064,819
Income Taxes	(190,328)	(202,471)
Profit for the Period(Note 3)	¥ 743,209	¥ 862,348
 Profit for the Period Attributable to:		
Owners of the parent (Note 6).....	¥ 726,407	¥ 840,787
Non-controlling interests	16,802	21,561
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 13):		
Basic	¥ 480.90	¥ 533.17
Diluted	¥ 480.58	¥ 532.99

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

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2023 and 2022**

	Millions of Yen	
	Nine-month period ended December, 2023	Nine-month period ended December, 2022
Comprehensive Income:		
Profit for the period	¥ 743,209	¥ 862,348
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI (Note 18).....	129,902	(252,116)
Remeasurements of defined benefit pension plans	(347)	(777)
Share of other comprehensive income of investments accounted for using the equity method	(5,645)	(10,288)
Income tax relating to items not reclassified	(35,686)	69,509
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	58,691	(33,824)
Cash flow hedges	(7,292)	65,733
Share of other comprehensive income of investments accounted for using the equity method	252,321	247,380
Income tax relating to items that may be reclassified	(16,333)	(18,576)
Total other comprehensive income	375,611	67,041
Comprehensive Income for the Period	¥ 1,118,820	¥ 929,389
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 1,090,418	¥ 905,480
Non-controlling interests	28,402	23,909

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended December 31, 2023 and 2022

	Millions of Yen	
	Three-month Period Ended December 31, 2023	Three-month Period Ended December 31, 2022
Revenue (Notes 3,6,7 and 15)	¥ 3,621,034	¥ 3,612,700
Cost (Note 15)	(3,245,015)	(3,226,366)
Gross Profit (Note 6)	376,019	386,334
Other Income (Expenses):		
Selling, general and administrative expenses	(194,552)	(185,693)
Gain (loss) on securities and other investments-net(Notes 5,9 and 15)	16,057	36,301
Impairment reversal (loss) of fixed assets-net.....	(8,771)	(5,264)
Gain (loss) on disposal or sales of fixed assets-net	6,863	1,056
Other income (expense)-net (Notes 15 and 18).....	(9,919)	6,977
Total other income (expenses)	(190,322)	(146,623)
Finance Income (Costs):		
Interest income	16,256	14,226
Dividend income	41,873	22,478
Interest expense	(41,357)	(33,274)
Total finance income (costs)	16,772	3,430
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 6 and 9)	137,192	133,871
Profit before Income Taxes	339,661	377,012
Income Taxes	(65,732)	(70,698)
Profit for the Period(Notes 3)	¥ 273,929	¥ 306,314
 Profit for the Period Attributable to:		
Owners of the parent (Note 6).....	¥ 270,146	¥ 301,683
Non-controlling interests	3,783	4,631
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 13):		
Basic	¥ 179.63	¥ 193.70
Diluted	¥ 179.50	¥ 193.64

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

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended December 31, 2023 and 2022**

	Millions of Yen	
	Three-month Period Ended December 31, 2023	Three-month Period Ended December 31, 2022
Comprehensive Income:		
Profit for the period	¥ 273,929	¥ 306,314
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI (Note 18).....	103,322	103,354
Remeasurements of defined benefit pension plans	(517)	(903)
Share of other comprehensive income of investments accounted for using the equity method	(325)	(6,679)
Income tax relating to items not reclassified	(30,807)	(32,223)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	9,740	(47,850)
Cash flow hedges	(10,905)	175,834
Share of other comprehensive income of investments accounted for using the equity method	(139,606)	(227,670)
Income tax relating to items that may be reclassified	(3,906)	(3,732)
Total other comprehensive income	<u>(73,004)</u>	<u>(39,869)</u>
Comprehensive Income for the Period	¥ 200,925	¥ 266,445
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 200,730	¥ 271,686
Non-controlling interests	<u>195</u>	<u>(5,241)</u>

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2023 and 2022

Attributable to owners of the parent

Millions of Yen	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total	Non- controlling Interests	Total Equity
Balance as at April 1, 2022	¥ 342,384	¥ 376,516	¥ 4,165,962	¥ 827,441	¥ (107,098)	¥ 5,605,205	¥ 190,211	¥ 5,795,416
Profit for the period			840,787			840,787	21,561	862,348
Other comprehensive income for the period (Note 11).....				64,693		64,693	2,348	67,041
Comprehensive income for the period ...			840,787	64,693		905,480	23,909	929,389
Transaction with owners:								
Dividends paid to owners of the parent (Note 12).....			(198,082)			(198,082)		(198,082)
Dividends paid to non-controlling interest shareholders							(17,564)	(17,564)
Acquisition of treasury stock					(197,072)	(197,072)		(197,072)
Sales of treasury stock		(201)	(186)		388	1		1
Cancellation of treasury stock.....			(143,174)		143,174	-		-
Compensation costs related to share-based payment	176	2,546				2,722		2,722
Equity transactions with non-controlling interest shareholders (Note 11).....		1,660		513		2,173	9,978	12,151
Transfer to retained earnings (Note 11)...			39,334	(39,334)		-		-
Balance as at December 31, 2022	¥ 342,560	¥ 380,521	¥ 4,704,641	¥ 853,313	¥ (160,608)	¥ 6,120,427	¥ 206,534	¥ 6,326,961

Attributable to owners of the parent

Millions of Yen	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total	Non- controlling Interests	Total Equity
Balance as at April 1, 2023	¥ 342,560	¥ 381,869	¥ 4,840,510	¥ 868,963	¥ (66,152)	¥ 6,367,750	¥ 197,398	¥ 6,565,148
Profit for the period			726,407			726,407	16,802	743,209
Other comprehensive income for the period (Note 11).....				364,011		364,011	11,600	375,611
Comprehensive income for the period ...			726,407	364,011		1,090,418	28,402	1,118,820
Transaction with owners:								
Dividends paid to owners of the parent (Note 12).....			(242,368)			(242,368)		(242,368)
Dividends paid to non-controlling interest shareholders							(16,483)	(16,483)
Acquisition of treasury stock					(123,836)	(123,836)		(123,836)
Sales of treasury stock		(450)	(213)		663	0		0
Cancellation of treasury stock.....			(92,043)		92,043	-		-
Compensation costs related to share-based payment	502	5,422				5,924		5,924
Equity transactions with non-controlling interest shareholders (Note 11).....		2,720		88		2,808	14,728	17,536
Transfer to retained earnings (Note 11)...			8,784	(8,784)		-		-
Balance as at December 31, 2023	¥ 343,062	¥ 389,561	¥ 5,241,077	¥ 1,224,278	¥ (97,282)	¥ 7,100,696	¥ 224,045	¥ 7,324,741

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2023 and 2022

Millions of Yen

	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2022
Operating Activities:		
Profit for the period	¥ 743,209	¥ 862,348
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	208,937	206,328
Change in retirement benefit liabilities	(270)	3,286
Loss allowance	14,453	15,028
(Gain) loss on securities and other investments-net	(150,148)	(54,454)
Impairment (reversal) loss of fixed assets-net	12,763	16,090
(Gain) loss on disposal or sales of fixed assets-net	(15,100)	(16,849)
Interest income, dividend income and interest expense	(56,901)	(89,392)
Income taxes	190,328	202,471
Share of (profit) loss of investments accounted for using the equity method	(382,124)	(417,444)
Valuation (gain) loss related to contingent considerations and others	869	(2,908)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(225,458)	22,686
Change in inventories	71,131	(36,215)
Change in trade and other payables	152,438	(37,057)
Change in derivative assets and liabilities	(101,765)	(43,073)
Change in advance payments to suppliers	(101,582)	(86,489)
Change in other financial assets	(53,413)	(74,436)
Change in accounts payable-other	40,787	(45,579)
Change in accounts receivable-other	20,654	(40,142)
Other-net	55,269	(63,651)
Interest received	77,256	58,157
Interest paid	(106,937)	(59,177)
Dividends received	451,387	460,735
Income taxes paid	(204,251)	(207,043)
Income taxes refunded	40,072	26,676
Cash flows from operating activities	<u>681,604</u>	<u>599,896</u>
Investing Activities:		
Change in time deposits	2,517	37,087
Investments in equity accounted investees	(348,676)	(200,144)
Proceeds from sales of investments in equity accounted investees.....	99,156	121,035
Purchases of other investments	(83,428)	(74,689)
Proceeds from sales and maturities of other investments	83,199	103,325
Increases in loan receivables	(13,492)	(15,084)
Collections of loan receivables	33,548	13,901
Purchases of property, plant and equipment.....	(222,343)	(175,529)
Proceeds from sales of property, plant and equipment.....	38,956	32,365
Purchases of investment property	(4,838)	(5,216)
Proceeds from sales of investment property	34,262	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>(323,825)</u>	<u>(126,402)</u>
Financing Activities:		
Change in short-term debt	9,929	101,545
Proceeds from long-term debt	741,060	860,997
Repayments of long-term debt	(1,003,197)	(861,590)
Repayments of lease liabilities (Note 6).....	(54,433)	(42,644)
Purchases and sales of treasury stock	(123,811)	(197,068)
Dividends paid	(242,368)	(198,082)
Transactions with non-controlling interests shareholders	(4,153)	(40,813)
Cash flows from financing activities	<u>(676,973)</u>	<u>(377,655)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	50,674	22,111
Change in Cash and Cash Equivalents	(268,520)	117,950

Cash and Cash Equivalents at Beginning of Period	1,390,130	1,127,868
Cash and Cash Equivalents at End of Period	¥ 1,121,610	¥ 1,245,818

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

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

1. REPORTING ENTITY

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

In each business area including Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Iron & Steel Products, Lifestyle and Innovation & Corporate Development, the Company and its consolidated subsidiaries engage in a diversified range of services, including trading, manufacturing, transport, and financial services involving various commodities, making full use of the global office network, which is centering on the Company, a general trading company, with its ability to gather information. The Company and its consolidated subsidiaries furthermore engage in a wide range of initiatives that include development of natural resources and infrastructure projects, 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”
- Note 18 “IMPACT OF THE RUSSIA-UKRAINE SITUATION ON THE RUSSIAN LNG BUSINESS”

III. MATERIAL ACCOUNTING POLICIES

Material accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 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 nine-month period ended December 31, 2023

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 company was in the process of determining its purchase price allocation and presented provisional amounts for assets acquired and liabilities assumed in the Consolidated Financial Statements. The process of determining its purchase price allocation was completed during the nine-month period ended December 31, 2023 and 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 main changes as compared to provisional amounts are Intangible assets decreased by ¥11,801 million, Non-current liabilities decreased by ¥2,005 million and Goodwill increased by ¥9,581 million.

	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	32,880
Intangible assets	49,035
Other non-current assets	13,547
Total assets acquired	¥ 95,462
Current liabilities	(29,536)

	Millions of Yen
Non-current liabilities	(20,334)
Total liabilities assumed	¥ (49,870)
Net assets acquired	¥ 45,592
Goodwill	76,854
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 estimated 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 Consolidated Statements of Income for the nine-month period ended December 31, 2023.

Goodwill primarily consists of excess earning power and synergies with existing operations, and is non-deductible for tax purposes. In respect of above business combination, the Revenue and Profit for the Period since the acquisition date are ¥144,132 million and ¥2,294 million respectively.

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.

Results of operations since the acquisition date for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

	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 nine-month period ended December 31, 2022

No material business combinations were completed during the nine-month period ended December 31, 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 December 31, 2023. The capital gain and loss recognized on the loss of control for the nine-month period ended December 31, 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 nine-month period ended December 31, 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 nine-month period ended December 31, 2023, the companies recognized gain arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries of ¥83,984 million.

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

6. SEGMENT INFORMATION

Millions of Yen

Nine-month period ended December 31, 2023:	Millions of Yen							
	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 1,537,987	¥ 2,220,941	¥ 999,148	¥ 2,082,106	¥ 518,075	¥ 2,437,336	¥ 201,921	¥ 9,997,514
Gross Profit.....	¥ 259,851	¥ 139,496	¥ 169,011	¥ 152,298	¥ 32,367	¥ 141,374	¥ 85,956	¥ 980,353
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 52,442	¥ 53,718	¥ 182,977	¥ 20,251	¥ 14,639	¥ 45,121	¥ 12,673	¥ 381,821
Profit for the Period Attributable to Owners of the Parent.....	¥ 242,093	¥ 95,779	¥ 210,173	¥ 37,088	¥ 7,505	¥ 85,487	¥ 36,957	¥ 715,082
Core Operating Cash Flow.....	¥ 311,277	¥ 168,119	¥ 147,141	¥ 45,851	¥ 3,847	¥ 49,590	¥ 25,200	¥ 751,025
Total Assets at December 31, 2023.....	¥ 3,057,694	¥ 3,171,929	¥ 3,505,629	¥ 1,940,666	¥ 783,110	¥ 2,850,146	¥ 1,701,474	¥ 17,010,648

Millions of Yen

Nine-month period ended December 31, 2023:	Adjustments and Consolidated Total		
	All Other	Eliminations	Total
Revenue.....	¥ 958	¥ -	¥ 9,998,472
Gross Profit.....	¥ 2,642	¥ 1,418	¥ 984,413
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ -	¥ 303	¥ 382,124
Profit for the Period Attributable to Owners of the Parent.....	¥ 5,100	¥ 6,225	¥ 726,407
Core Operating Cash Flow.....	¥ 453	¥ 17,632	¥ 769,110
Total Assets at December 31, 2023.....	¥ 8,708,838	¥ (9,230,554)	¥ 16,488,932

Millions of Yen

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

Nine-month period ended December 31, 2022:	Adjustments and Consolidated Total		
	All Other	Eliminations	Total
Revenue.....	¥ 191	¥ -	¥ 11,036,515
Gross Profit.....	¥ 1,771	¥ 3,713	¥ 1,018,249
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (29)	¥ 340	¥ 417,444
Profit (Loss) for the Period Attributable to Owners of the Parent.....	¥ (4,755)	¥ 2,091	¥ 840,787
Core Operating Cash Flow.....	¥ 8,770	¥ 8,814	¥ 961,208
Total Assets at March 31, 2023.....	¥ 8,215,000	¥ (8,819,918)	¥ 15,380,916

Millions of Yen								
Three-month period ended December 31, 2023:	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Iron & Steel Products	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 558,890	¥ 867,322	¥ 375,331	¥ 711,527	¥ 176,633	¥ 861,630	¥ 69,857	¥ 3,621,190
Gross Profit.....	¥ 101,635	¥ 83,311	¥ 50,107	¥ 53,654	¥ 11,373	¥ 45,693	¥ 29,555	¥ 375,328
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 27,310	¥ 18,310	¥ 64,003	¥ 3,846	¥ 7,457	¥ 10,976	¥ 5,221	¥ 137,123
Profit for the Period Attributable to Owners of the Parent.....	¥ 107,444	¥ 69,791	¥ 45,814	¥ 22,740	¥ 4,515	¥ 16,049	¥ 10,856	¥ 277,209
Core Operating Cash Flow.....	¥ 133,488	¥ 90,576	¥ 31,472	¥ 21,589	¥ 2,612	¥ 19,916	¥ 5,960	¥ 305,613

Millions of Yen			
Three-month period ended December 31, 2023:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ (156)	¥ -	¥ 3,621,034
Gross Profit	¥ 691	¥ -	¥ 376,019
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ -	¥ 69	¥ 137,192
Profit for the Period Attributable to Owners of the Parent.....	¥ 7,280	¥ (14,343)	¥ 270,146
Core Operating Cash Flow.....	¥ 6,604	¥ (18,195)	¥ 294,022

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

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

Notes:(1)“All Other” includes Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of “All Other” at December 31, 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.

Nine-month period ended December 31, 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	¥ 1,305,941	¥ 746,256	¥ 917,861	¥ 2,056,177	¥ 518,075	¥ 1,827,445	¥ 145,962	¥ 873	¥ 7,518,590

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

8. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The amounts of acquisitions (excluding acquisitions through business combinations) and disposals of property, plant and equipment for the nine-month period ended December 31, 2023 were ¥253,078 million and ¥187,778 million, respectively.

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

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

9. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the nine-month period ended December 31, 2023, Shamrock Investment International, a subsidiary in the Machinery & Infrastructure Segment which invests in Mainstream Renewable Energy business, recognized an impairment loss of ¥27,941 million as the difference between the carrying amount accounted for using the equity method and the recoverable amount. In the Condensed Consolidated Statements of Income, an impairment loss for fixed assets included in share of profit (loss) of investments accounted for using the equity method is recorded by ¥15,054 million in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method”. The impairment loss was mainly related to the difference in spot prices between power plants and the demand area, and the Chilean electricity system. Additionally, an impairment loss for investments accounted for using the equity method is recorded by ¥12,887 million in “Gain (loss) on securities and other investments-net”. The impairment loss was mainly due to delays in new project development and portfolio reorganization resulting from rising interest rates and development costs.

For the nine-month period ended December 31, 2023, an impairment loss of ¥9,816 million in the Machinery & Infrastructure Segment engaged in the passenger railway business in Brazil was recorded in “Impairment reversal (loss) of fixed assets – net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of intangible assets to the recoverable amount of ¥35,943 million. The impairment loss was mainly related to a decrease in revenue. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

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

The amounts of reversals of impairment losses for assets for the nine-month period ended December 31, 2023 and 2022 were not material.

10. BONDS AND LOANS

Bonds

The total amount of repaid bonds for the nine-month period ended December 31, 2023 was not material.

The total amount of issued bonds for the nine-month period ended December 31, 2023 was ¥100,569 million.

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

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

Loans

The loans executed for the nine month period ended December 31, 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 on June 15, 2023.

11. EQUITY

Changes in other components of equity for the nine-month period ended December 31, 2023 and 2022 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2022
Financial Assets Measured at FVTOCI:		
Balance at beginning of period	¥ 215,612	¥ 465,091
Increase (decrease) during the period	88,692	(192,995)
Transfer to retained earnings	(9,270)	(40,044)
Balance at end of period	¥ 295,034	¥ 232,052
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period	¥ -	¥ -
Increase (decrease) during the period	(486)	(710)
Transfer to retained earnings	486	710
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period	¥ 638,502	¥ 478,584
Increase (decrease) during the period	274,851	120,896
Balance at end of period	¥ 913,353	¥ 599,480
Cash Flow Hedges:		
Balance at beginning of period	¥ 14,849	¥ (116,234)
Increase (decrease) during the period	1,042	138,015
Balance at end of period	¥ 15,891	¥ 21,781
Total:		
Balance at beginning of period	¥ 868,963	¥ 827,441
Increase (decrease) during the period	364,099	65,206
Transfer to retained earnings	(8,784)	(39,334)
Balance at end of period	¥ 1,224,278	¥ 853,313

12. DIVIDENDS

During the nine-month period ended December 31, 2023 and 2022, the Company paid dividends of ¥160 per share (total dividend of ¥242,368 million) and ¥125 per share (total dividend of ¥198,082 million), respectively.

13. EARNINGS PER SHARE

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the nine-month and three-month periods ended December 31, 2023 and 2022:

	Nine-month Period Ended December 31, 2023			Nine-month Period Ended December 31, 2022		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 726,407	1,510,522	¥ 480.90	¥ 840,787	1,576,961	¥ 533.17
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(4)	-		(8)	-	
Share-based remuneration	-	977		-	525	
Diluted earnings per share attributable to owners of the parent:	¥ 726,403	1,511,499	¥ 480.58	¥ 840,779	1,577,486	¥ 532.99
	Three-month Period Ended December 31, 2023			Three-month Period Ended December 31, 2022		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 270,146	1,503,940	¥ 179.63	¥ 301,683	1,557,438	¥ 193.70
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(1)	-		(3)	-	
Share-based remuneration	-	1,079		-	488	
Diluted earnings per share attributable to owners of the parent:	¥ 270,145	1,505,019	¥ 179.50	¥ 301,680	1,557,926	¥ 193.64

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 December 31, 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 December 31, 2023.

		Millions of Yen				
		Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)	
December 31, 2023						
Type of guarantees:						
Financial guarantees						
Guarantees for third parties	¥	369,834	¥	130,011	¥	130,011
Guarantees for investments accounted for using the equity method		773,554		455,173	88,925	366,248
Performance guarantees						
Guarantees for third parties		34,172		25,152	22,911	2,241
Guarantees for investments accounted for using the equity method		62,146		55,743	17	55,726
Total	¥	<u>1,239,706</u>	¥	<u>666,079</u>	¥	<u>111,853</u>
				¥		<u>554,226</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	¥ 1,296,758	¥ 795,373	¥ 233,633	¥ 561,740

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of December 31, 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 December 31, 2023 and March 31, 2023 will expire through 2031.

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

	Millions of Yen	
	December 31, 2023	March 31, 2023
Within 1 year	¥ 407,933	¥ 348,755
After 1 to 5 years	572,305	671,321
After 5 years	259,468	276,682
Total	¥ 1,239,706	¥ 1,296,758

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 December 31, 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 December 31, 2023 and March 31, 2023 were as follows. No assets or liabilities were transferred between level 1 and 2 for the nine-month period ended December 31, 2023 and 2022.

December 31, 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.....	¥ 7,617	-	¥ 394,073		
Financial assets measured at FVTOCI.....	1,222,691	-	711,690		
Total other investments	¥ 1,230,308	-	¥ 1,105,763	-	¥ 2,336,071
Derivative assets:					
Foreign exchange contracts.....	-	¥ 207,964	-		
Interest rate contracts.....	-	30,827	-		
Commodity contracts.....	¥ 65,088	1,159,866	¥ 6,542		
Others.....	-	-	29,136		
Total derivative assets	¥ 65,088	¥ 1,398,657	¥ 35,678	¥ (995,160)	¥ 504,263
Inventories.....	-	¥ 158,893	-	-	¥ 158,893
Total assets.....	¥ 1,295,396	¥ 1,557,550	¥ 1,141,441	¥ (995,160)	¥ 2,999,227
Liabilities (Note3):					
Derivative liabilities:					
Foreign exchange contracts.....	-	¥ 257,114	-		
Interest rate contracts.....	-	35,749	-		
Commodity contracts.....	¥ 71,724	1,105,294	¥ 1,253		
Others.....	-	-	6,248		
Total derivative liabilities	¥ 71,724	¥ 1,398,157	¥ 7,501	¥ (1,038,235)	¥ 439,147
Total liabilities.....	¥ 71,724	¥ 1,398,157	¥ 7,501	¥ (1,038,235)	¥ 439,147

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 nine-month period ended December 31, 2023 and 2022 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2022
Balance at beginning of period	¥ 340,625	¥ 259,795
Gains (losses)	16,691	(1,780)
Purchases	41,310	63,412
Sales/Redemptions	(8,882)	(9,549)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note1)	(1,800)	-
Others (Note2)	6,129	5,300
Balance at end of period	¥ 394,073	¥ 317,178
Net change in unrealized gains (losses) still held at end of period	¥ 16,139	¥ (3,757)

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 nine-month period ended December 31, 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 nine-month period ended December 31, 2023 and 2022 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2022
Balance at beginning of period	¥ 634,342	¥ 732,436
Other comprehensive income (Note1)..	56,383	(103,095)
Purchases	22,090	11,142
Sales	(9,603)	(23,203)
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Others (Note2)	8,478	4,180
Balance at end of period	¥ 711,690	¥ 621,460

Note 1: "Other comprehensive income" for the nine-month period ended December 31, 2023 increased mainly due to increase of fair value in investment in LNG project reflecting the extension of interests and the effect of change in foreign exchange rates, and the fair value in investment in the mineral & metal resources projects increased mainly due to the rise in iron ore prices and the effect of change in foreign exchange rates. "Other comprehensive income" for the nine-month period ended December 31, 2022 decreased mainly due to the decrease of fair value in investment in LNG project by the uncertainty arising from the Russian LNG business, in spite of the positive effect of change in foreign exchange rates.

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 nine-month period ended December 31, 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 nine-month period ended December 31, 2023 and 2022 were as follows:

	Millions of Yen			
	Nine-month period ended December 31, 2023		Nine-month period ended December 31, 2022	
Balance at beginning of period	¥	38,104	¥	35,013
Gains (losses)		(7,064)		5,436
Other comprehensive income		944		260
Purchases		3,694		20
Set off		-		(691)
Balance at end of period	¥	35,678	¥	40,038
Net change in unrealized gains (losses) still held at end of period	¥	(7,064)	¥	5,436

The reconciliation of derivative liabilities for the nine-month period ended December 31, 2023 and 2022 were as follows:

	Millions of Yen			
	Nine-month period ended December 31, 2023		Nine-month period ended December 31, 2022	
Balance at beginning of period	¥	15,711	¥	9,872
Gains (losses)		(3,023)		5,791
Other comprehensive income		1,403		221
Purchases		2,480		1,272
Set off		(9,070)		(1,114)
Balance at end of period	¥	7,501	¥	16,042
Net change in unrealized gains (losses) still held at end of period	¥	(3,023)	¥	5,791

Gains (losses) of above table in relation to the derivative assets and liabilities for the nine-month period ended December 31, 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 the Condensed Consolidated Statements of Comprehensive Income.

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of December 31, 2023 and March 31, 2023 were as follows:

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

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that Brent Crude price will increase from the recent US\$75/bbl to US\$80/bbl in a few years and remain at US\$80/bbl 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 December 31, 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			
	December 31, 2023		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 10,224	¥ 10,333	¥ 11,553	¥ 11,550
Non-current receivables				
Trade and other receivables (Note 1) and other financial assets (excluding derivative assets) (Note 2)	378,475	378,447	424,745	424,734
Non-current liabilities				
Long-term debt, less current portion (Note 1) and other financial liabilities (excluding derivative liabilities) (Note 2)	¥ 3,965,516	¥ 4,027,279	¥ 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 LLC

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 the Company. 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 nine-month period ended December 31, 2023 and 2022, and the outstanding balance of related provision and assets recognized as reimbursement as of December 31, 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, an equity accounted investee 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 ¥6,821 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 December 31, 2023 and March 31, 2023 were ¥111,891 million and ¥98,505 million, respectively. The fair value may increase or decrease due to further changes in situation hereafter.

In addition, with regards to the carrying amounts of the investments, loans and financial guarantees related to the business in Japan Arctic LNG, an equity accounted investee that invests in and finances the Arctic LNG 2 project, the Company is taking appropriate measures in compliance with laws and regulations cooperating with stakeholders

in response to the announcement from the Office of Foreign Assets Control of the US Department of the Treasury on November 2, 2023 (US time), that Arctic LNG2 has been additionally designated as SDN (Specially Designated Nationals). We reviewed the recoverability and the likelihood of performing guarantee considering the portion of liability based on the rights and obligations of Japan Arctic LNG and the Company under various agreements including the shareholders agreement, insurance such as overseas investment insurance and third-party agreements. The outstanding balances of the investments and loans (*) as of December 31, 2023 and March 31, 2023 were ¥17,143 million and ¥15,759 million, respectively. The balance of financial guarantees as contingent liabilities were ¥229,321 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 ¥33,542 million and ¥18,213 million, respectively. For the nine-month period ended December 31, 2023, loss of ¥16,771 million was recognized, mainly ¥13,473 million as a loss allowance included in "Other income (expense)" in the Condensed Consolidated Statements of Income.

These estimates may be affected by subsequent developments in Russia and Ukraine. Also, any changes in the credit rating of the Russian Federation, in the business environment of Arctic LNG2 caused by sanction etc., and in the Company's policies regarding its Russian LNG business etc., may have a significant impact on the amounts of related investments, loans, financial guarantees and its recoverable or liable amounts in the Consolidated Financial Statements for the next quarter period and thereafter. The Company ongoingly takes appropriate measures.

(*) 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. 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 February 13, 2024.