

Annual Securities Report
for the fiscal year ended March 31, 2020

mitsui & co., ltd.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report (“Yukashoken Hokokusho”) of Mitsui & Co., Ltd. filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 19, 2020.

As used in this report, “Mitsui” and the “Company” are used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), and “we,” “us,” “our” and the “companies” are used to indicate Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated. “Share” means one share of Mitsui’s common stock, “ADS” means an American Depositary Share representing 20 shares, and “ADR” means an American Depositary Receipt evidencing one or more ADSs. Also, “dollar” or “\$” means the lawful currency of the United States of America, and “yen” or “¥” means the lawful currency of Japan.

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

A Cautionary Note on Forward-Looking Statements

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

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

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

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

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Independent Auditor's Report

Management's Annual Report on Internal Control over Financial Reporting (Translation)

Independent Auditor's Report (filed under the Financial Instruments and Exchange Act of Japan)

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

Fiscal year		101st	100th	99th	98th	97th
Year ended		March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Consolidated financial data						
Revenue	(Millions of Yen)	6,885,033	6,957,524	4,892,149	4,363,969	4,759,694
Gross profit	(Millions of Yen)	839,423	838,467	790,705	719,295	726,622
Profit (loss) for the year attributable to owners of the parent	(Millions of Yen)	391,513	414,215	418,479	306,136	(83,410)
Comprehensive income for the year attributable to owners of the parent	(Millions of Yen)	(259,448)	429,917	416,113	503,025	(607,490)
Total equity attributable to owners of the parent	(Millions of Yen)	3,817,677	4,263,166	3,974,715	3,732,179	3,379,725
Total assets	(Millions of Yen)	11,806,292	11,945,779	11,306,660	11,501,013	10,910,511
Equity attributable to owners of the parent per share	(Yen)	2,235.83	2,452.81	2,287.10	2,115.80	1,885.47
Basic earnings per share attributable to owners of the parent	(Yen)	226.13	238.33	237.67	171.20	(46.53)
Diluted earnings per share attributable to owners of the parent	(Yen)	225.98	238.15	237.50	171.10	(46.54)
Equity attributable to owners of the parent ratio	(%)	32.34	35.69	35.15	32.45	30.98
Return on Equity (ROE)	(%)	9.69	10.06	10.86	8.61	(2.23)
Price Earnings Ratio (PER)	(Times)	6.65	7.21	7.67	9.42	-
Cash flows from operating activities	(Millions of Yen)	526,376	410,670	553,645	404,171	586,991
Cash flows from investing activities	(Millions of Yen)	(185,230)	(719,036)	(248,211)	(353,299)	(408,059)
Cash flows from financing activities	(Millions of Yen)	(204,561)	127,376	(652,292)	(50,265)	(50,548)
Cash and cash equivalents at end of year	(Millions of Yen)	1,058,733	956,107	1,131,380	1,503,820	1,490,775
Number of employees (excluding average number of part-time employees)	(Number of persons)	45,624 (10,760)	43,993 (10,354)	42,304 (11,984)	42,316 (9,988)	43,611 (10,784)
Total Shareholder Return (Comparative index: TOPIX)	(%) (%)	114.9 (90.9)	123.3 (103.1)	124.8 (111.2)	107.4 (98.0)	84.3 (87.3)
Highest price of Mitsui's shares	(Yen)	1,999	2,120	2,042	1,753	1,759
Lowest price of Mitsui's shares	(Yen)	1,378	1,553	1,476	1,156	1,164

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

2. Revenue does not include consumption taxes.

3. Price Earnings Ratio (PER) in the 97th fiscal year is not disclosed as earnings per share is a loss.

4. The Total Shareholder Return are the ratio obtained by dividing the sum of the stock price at the end of each fiscal year and the cumulative dividends per share from the previous four fiscal years by the stock price at the end of the previous fifth fiscal year.
5. The Highest and Lowest price of Mitsui's shares are quoted on the first section of the Tokyo Stock Exchange.

2. History

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

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

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

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

3. Business Overview

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

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

For the disclosure pursuant to IFRS 8 "Operating Segments," these headquarters business units and regional business units are organized into seven product segments based on the properties and characteristics of the products they handle, factoring in managerial decisions relating to allocation of resources and assessment of such operating performance.

We have 506 affiliated companies for consolidation, which consist of 209 overseas subsidiaries, 74 domestic subsidiaries, 178 overseas equity accounted investees and 45 domestic equity accounted investees.

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

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

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

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products	Japan	100.0
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	100.0
	Game Changer Holdings Inc.	Investment in steel processing company	U.S.A.	100.0
	EURO-MIT STAAL B.V.	Steel processing	The Netherlands	90.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	99.6
Mineral & Metal Resources	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui Iron Ore Corporation Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile through Inversiones Mineras Becrux SpA	The Netherlands	100.0
	Japan Collahuasi Resources B.V.	Investment in Collahuasi copper mine in Chile	The Netherlands	91.9
	Mitsui Bussan Copper Investment & Co., Ltd.	Investment in Caserones copper mine in Chile	Japan	100.0
	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of non-ferrous scrap, alloy and products	Japan	100.0
	Mitsui & Co. Mineral Resources Development (Asia) Corp.	Investments in nickel and cobalt smelting business in Philippines	Philippines	100.0
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0
	Mitsui & Co. Mozambique Coal Investment B.V.	Investment in Mozambique coal business	The Netherlands	100.0
	Mitsui & Co. Mozambique Coal Finance Limited	Investment in Mozambique coal business	United Arab Emirates	100.0
	Mitsui & Co. Nacala Infrastructure Investment B.V.	Investment in railway and port infrastructure business in Mozambique and Malawi	The Netherlands	100.0
Mitsui & Co. Nacala Infrastructure Finance Limited	Investment in railway and port infrastructure business in Mozambique and Malawi	United Arab Emirates	100.0	

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

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	Guarana Urban Mobility Incorporated	Investment in passenger transportation business in Brazil	Japan	57.6
	Mitsui Rail Capital Participacoes Ltda.	Brazil Rolling Stock Leasing	Brazil	100.0
	GUMI BRASIL PARTICIPACOES S.A.	Investment vehicle of Guarana Urban Mobility Inc in Brazil	Brazil	100.0
	Toyota Chile S.A.	Import and sales of automobiles and auto parts in Chile	Chile	100.0
	Mitsui Automotriz S.A.	Retail sales of automobiles and auto parts	Peru	100.0
	HINO MOTORS SALES MEXICO, S.A. DE C.V.	Sales of truck, bus of HINO brand	Mexico	65.0
	Veloce Logistica SA	Auto parts logistics	Brazil	100.0
	MBK USA Commercial Vehicles Inc.	Investment in full-service truck leasing, rental and logistics business	U.S.A.	100.0
	PT. Bussan Auto Finance	Motorcycle retail finance	Indonesia	65.0
	Bussan Auto Finance India Pvt.Ltd.	Motorcycle retail finance	India	80.0
	MITSUI AUTO FINANCE CHILE LTDA.	Automobile retail finance	Chile	100.0
	MITSUI & CO. MACHINE TECH LTD.	Sale of machine tools and peripheral equipment	Japan	100.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0
	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	KOMEK MACHINERY LLC	Distributor of KOMATSU in Russia (certain area)	Russia	80.0
	KOMEK MACHINERY Kazakhstan LLP	Distributor of KOMATSU in Kazakhstan	Kazakhstan	80.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	100.0
	OMC SHIPPING PTE. LTD.	Shipping business	Singapore	100.0
	ORIENT MARINE CO., LTD.	Shipping business	Japan	100.0
	Mitsui Bussan Aerospace Co., Ltd.	Import and sales of helicopters and defense and aerospace products	Japan	100.0
Mitsui Rail Capital Holdings, Inc.	Freightcar leasing and management in North America	U.S.A.	100.0	
Mitsui Rail Capital Europe B.V.	Locomotive leasing and management in Europe	The Netherlands	100.0	
Chemicals	Mitsui Bussan Chemicals Co., Ltd.	Domestic and foreign trade of solvents, coating chemicals, etc.	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol producing business in Saudi Arabia and sales of products	Japan	55.0
	MMTX Inc.	Investment in methanol producing business in the United States and sale of products	U.S.A.	100.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemicals	MITSUI & CO. PLASTICS LTD.	Sales of plastics and chemicals	Japan	100.0
	Diana Elastomers, Inc.	Investment in synthetic rubbers producing and marketing business	U.S.A.	100.0
	Mitsui Plastics Trading (Shanghai) Co.,LTD	Sales and marketing of plastics and chemicals	China	100.0
	Mitsui Bussan Packaging Co.,Ltd.	Domestic sales and import/export related to paper, pulp and packaging	Japan	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	MITSUI PLASTICS INC.	Sales of Chemicals	U.S.A.	100.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	Certis U.S.A. L.L.C.	Manufacture and sales of biological crop protection products	U.S.A.	100.0
	Kocide LLC	Manufacture and sales of copper fungicides	U.S.A.	100.0
	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	B Food Science Co.,LTD.	Manufacturing and sale, functional food, pharmaceutical, and chemical product materials.	Japan	100.0
	San-ei Surochemical Co., Ltd.	Manufacture and sales of saccharified products, pharmaceuticals, feedstuffs and other products	Japan	70.0
	Mitsui Agro Business S.A.	Investment in fertilizer producing business and sales of products in South America	Chile	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	80.0
	Consortio Agroindustrias del Norte, S.A.P.I de C.V.	Sales of fertilizer and other agricultural inputs, provision of farming guidance services by agronomists	Mexico	80.0
Lifestyle	XINGU AGRI AG	Production and merchandising of agriproducts	Switzerland	100.0
	TOHO BUSSAN KAISHA, LTD.	Import and sales of agricultural and marine products	Japan	100.0
	PRIFOODS CO.,LTD	Production, processing and sales of broilers	Japan	46.5
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	50.9
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	100.0
	Mit-Salmon Chile SpA	Investment in salmon farming, processing and sales company	Chile	100.0
	RETAIL SYSTEM SERVICE CO.,LTD	Sales of foods, groceries and services for retailers	Japan	100.0
	WILSEY FOODS, INC.	Investments in processed oil food company	U.S.A.	90.0
	MKU Holdings, Inc.	Investments in food and delicatessen manufacturing company	U.S.A.	80.0

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

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
All Other	Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A.	100.0
	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	MITSUI & CO. (BRASIL) S.A.	Trading	Brazil	100.0
	Mitsui & Co. Europe PLC	Trading	United Kingdom	100.0
	Mitsui & Co. Deutschland GmbH	Trading	Germany	100.0
	Mitsui & Co. Benelux S.A./N.V.	Trading	Belgium	100.0
	Mitsui & Co. Italia S.p.A.	Trading	Italy	100.0
	Mitsui & Co., Middle East Limited	Trading	United Arab Emirates	100.0
	Mitsui & Co. (Asia Pacific) Pte. Ltd.	Trading	Singapore	100.0
	Mitsui & Co. (Thailand) Ltd.	Trading	Thailand	100.0
	Mitsiam International Ltd.	Trading	Thailand	75.1
	Mitsui & Co. (Australia) Ltd.	Trading	Australia	100.0
	Mitsui & Co. (Hong Kong) Ltd.	Trading	China	100.0
	Mitsui & Co. (China) Ltd.	Trading	China	100.0
	Mitsui & Co. (Shanghai) Ltd.	Trading	China	100.0
	Mitsui & Co. (Taiwan) Ltd.	Trading	Taiwan	100.0
	Mitsui & Co. Korea Ltd.	Trading	Korea	100.0
	Mitsui & Co. Financial Services (Asia) Ltd.	Financing services within the Group	Singapore	100.0
	Mitsui & Co. Financial Services (U.S.A.) Inc.	Financing services within the Group	U.S.A.	100.0
	Mitsui & Co. Financial Services (Europe) Plc	Financing services within the Group	United Kingdom	100.0
	Mitsui & Co. Financial Services (Australia) Ltd.	Financing services within the Group	Australia	100.0
	MITSUI BUSSAN BUSINESS PARTNERS CO.,LTD.	Provision of HR & GA services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui & Co. Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
Mitsui & Co. Financial Management, Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0	

* Mitsui & Co. Mineral Resources Development (Latin America) Ltd., MEP Texas Holdings LLC, and Tokyo International Air Cargo Terminal Ltd. were in a financial condition with liabilities in excess of assets. The amount of negative net worth as of March 31, 2020 were ¥132,692 million, ¥35,316 million and ¥14,789 million, respectively.

(3) Major Equity Accounted Investees

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	NIPPON STEEL TRADING CORPORATION	Sales, export and import of steel products	Japan	20.0
	*GRI Renewable Industries, S.L.	Manufacture of wind turbine towers and flanges	Spain	25.0
	*Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
	*Gestamp North America, Inc.	Manufacture of automotive components	U.S.A.	30.0
	*Gestamp Holding Mexico, S.L.	Manufacture of automotive components	Spain	30.0
	*Gestamp Brasil Industria De Autopecas S.A.	Manufacture of automotive components	Brazil	17.9
	*Gestamp Holding Argentina, S.L.	Manufacture of automotive components	Spain	30.0
	GESTAMP 2020, S.L.	Investment in Manufacture of automotive components	Spain	25.0
	SIAM YAMATO STEEL COMPANY LIMITED	Manufacture and sales of steel products	Thailand	20.0
	GEG (Holdings) Limited	Fabrication, upgrading, inspection and maintenance of welded structures	United Kingdom	25.5
Mineral & Metal Resources	*Inner Mongolia Erdos Electrical Power & Metallurgical Group Limited By Shares	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	20.2
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminum smelting business in Brazil	Japan	20.9
	BHP Billiton Mitsui Coal Pty Ltd	Mining and sales of Australian coal	Australia	16.8
Energy	*ENEOS GLOBE Corporation	LPG imports and marketing, fuel cell and photovoltaic systems marketing	Japan	30.0
	*JAPAN ARCTIC LNG B.V.	Exploration, development and sales of crude oil and natural gas	The Netherlands	50.0
	*Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0
	*Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas in Mozambique	United Kingdom	50.1

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	P.T. PAITON ENERGY	Power generation in Indonesia	Indonesia	45.5
	*3B POWER SDN. BHD.	Power Generation in Malaysia	Malaysia	50.0
	*SAFI ENERGY COMPANY	Energy Company of SAFI Project in Morocco	Morocco	30.0
	*MAP Inland Holding Company Limited	Investment in power generation business in Oman	United Arab Emirates	52.7
	*MAP Coastal Holding Company Limited	Investment in power generation business in Oman	United Arab Emirates	52.7
	DHOFAR GENERATING COMPANY SAOG	Oman Gas fired IPP	Sultanate of Oman	27.0
	*Caitan SpA	Chile desalination and conveyance service business	Chile	50.0
	*IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	Fukushima Gas Power Co., Ltd.	Gas-fired Power Generation Business	Japan	28.7
	VLI S.A.	Integrated freight transportation business	Brazil	20.0
	*TOYOTA MANILA BAY CORPORATION	Retail sales of Toyota cars	Philippines	40.0
	*HINO MOTORS SALES (THAILAND) LTD.	Wholesale of Hino vehicles and parts in Thailand	Thailand	43.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	16.5
	*Inversiones Mitta SpA	Chilean automobile lease and rental business	Chile	49.0
	*PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
	India Yamaha Motor Pvt. Ltd.	Manufacture and sales of motorcycles	India	15.0
	TAIYOKENKI RENTAL CO.,LTD	Rental of construction machinery	Japan	25.9
KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD	Sales of construction and mining equipment	Australia	40.0	
Chemicals	Kansai Helios Coatings GmbH	Manufacture and sales of coatings, plastic resins, adhesives and other chemicals products	Austria	20.0
	HEXAGON COMPOSITES ASA	Manufacturer of fiber reinforced pressure cylinders	Norway	25.2
	LABIX Company Limited	Manufacture and sales of Linear Alkyl Benzene	Thailand	25.0
	*SMB KENZAI CO.,LTD.	Sales of building materials ,contract of construction work and import of various building materials	Japan	36.3
	*OURO FINO QUIMICA S.A.	Manufacture and sales of crop protection in Brazil	Brazil	20.0
	MVM Resources International B.V.	Investment in a phosphate rock mining project in Peru	The Netherlands	25.0
	*ITC RUBIS TERMINAL ANTWERP NV	Chemical tank leasing	Belgium	50.0
	*PT Kingsford Holdings	Investment to PT Champion Pacific Indonesia.	Indonesia	40.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	Starzen Co., Ltd.	Processing and sale of meat, manufacture and sale of meat products	Japan	16.1
	FEED ONE CO., LTD.	Manufactureing and sales of compound feedstuffs	Japan	25.0
	Mitsui Sugar Co., Ltd.	Manufacturing and sales of refined sugar, sugar products and food ingredients	Japan	33.6
	BIGI HOLDINGS CO., LTD.	Clothing manufacturing and sales business	Japan	33.4
	ALCANTARA S.P.A.	Manufacturing and sales of the "Alcantara" branded material	Italy	30.0
	Panasonic Healthcare Holdings Corporation	Development, manufacture and sale of various health care equipment and services	Japan	22.0
	IHH Healthcare Berhad	Provider of healthcare services	Malaysia	32.9
	Fuji Pharma Co., Ltd.	Manufacture and sale of pharmaceutical products	Japan	22.0
	*AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	*ARAMARK Uniform Services Japan Corporation	Rental and sales of uniforms	Japan	39.2
Innovation & Corporate Development	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	31.4
	QVC JAPAN INC.	Direct Marketing Business which is mainly composed of TV shopping	Japan	40.0
	NAAPTOL ONLINE SHOPPING PRIVATE LIMITED	TV Shopping business in India	India	27.9
	Relia Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4

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

(4) Other Affiliated Companies

Not applicable.

5. Employees

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

As of March 31, 2020

Operating Segment	Number of Employees	
Iron & Steel Products	1,505	(153)
Mineral & Metal Resources	634	(40)
Energy	888	(98)
Machinery & Infrastructure	17,017	(2,238)
Chemicals	5,238	(572)
Lifestyle	10,642	(6,406)
Innovation & Corporate Development	6,301	(914)
All Other	3,399	(339)
Total	45,624	(10,760)

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

(2) Mitsui & Co., Ltd.

As of March 31, 2020

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
5,676	42.1	18 years 4 months	13,934

Operating Segment	Number of Employees
Iron & Steel Products	305
Mineral & Metal Resources	278
Energy	401
Machinery & Infrastructure	853
Chemicals	738
Lifestyle	834
Innovation & Corporate Development	476
All Other	1,791
Total	5,676

(Notes) 1. The number of employees includes 1,229 seconded employees. However, 412 contract workers (including 135 workers seconded to Mitsui from outside Mitsui) and 171 employees hired in overseas offices are not included.

2. The average yearly salary includes bonuses and overtime pay.

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

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

1. Management Policies, Operating Environment, and Management Issues

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

(1) Review of the Previous Medium-term Management Plan

The following section provides a review of the previous Medium-term Management Plan, Driving Value Creation, announced in May 2017.

1) Achievements of Quantitative Targets

We have achieved steady profit accumulation since 2017, leveraging gradual global economic growth underpinned by strong consumption and investment. Despite this, the impact of the novel coronavirus (COVID-19) pandemic beginning in early 2020 and the sharp decline in the price of crude oil led to the recording of impairment losses primarily in the Energy Segment. Furthermore, with non-resources areas achieving only moderate profit growth, profit for the year was below target. Conversely, core operating cash flow and ROE were mostly in line with targets, supported by steady cash generation growth in Resources & Energy and capital efficiency improvements, respectively.



2) Achievements of the previous Medium-term Management Plan

Key Initiative (a): Build Robust Profit Base and Thoroughly Strengthen Existing Businesses

In the Mineral & Metal Resources Segment within the three core areas of the previous Medium-term Management Plan (Resources & Energy, Machinery & Infrastructure, Chemicals), there were major developments in the maintenance and expansion of the business base with the development of new deposits at our Australian iron ore mining operations, our largest revenue source. As part of our efforts to optimize our portfolio we sold our equity interest in a thermal coal mine. In the Energy Segment, we made steady progress in LNG pipeline projects in Cameron (U.S.), Arctic LNG2 (Russia), and Mozambique Area 1, and achieved tangible results such as the commencement of production at the E&P business. Through these and other specific achievements we made progress in strengthening our profit base.

Key Initiative (b): Establish Selected New Growth Areas

In the four growth areas of the previous Medium-term Management Plan (Mobility, Healthcare, Nutrition & Agriculture, Retail & Services), we accelerated initiatives towards establishing a future profit base with a focus on Healthcare.

In the fiscal year ended March 31, 2019, we made an additional investment in IHH Healthcare Berhad and became its largest shareholder. There remains a large shortage in the number of hospital beds in emerging Asian economies and most ancillary functions, such as dialysis treatment, are still carried out by hospitals. As a result, the growth potential of these markets is considerably greater than in developed economies and we will continue to put priority on allocating resources to this area while optimizing our portfolio of related businesses to further strengthen the business base.

Core areas		Growth areas	
Mineral & Metal Resources	<ul style="list-style-type: none"> ■ Maintained and expanded iron ore business base ■ Raised quality of coking coal portfolio 	Mobility	<ul style="list-style-type: none"> ■ Accelerated framework for promoting MaaS (Established and strengthened foundation for vehicle operating leases)
Energy	<ul style="list-style-type: none"> ■ Steadily promoted LNG business ■ Started production in the E&P business 	Healthcare	<ul style="list-style-type: none"> ■ Improved corporate value of IHH ■ Optimized portfolio of related businesses
Machinery & Infrastructure	<ul style="list-style-type: none"> ■ Progressed with new power generation and D&S ■ Expanded FPSO business 	Nutrition & Agriculture	<ul style="list-style-type: none"> ■ Participated in preventative healthcare business ■ Expanded business base for agricultural inputs, crop protection and seeds
Chemicals	<ul style="list-style-type: none"> ■ Participated in European paint manufacturing business ■ Advanced environmental businesses 	Retail & Services	<ul style="list-style-type: none"> ■ Entered U.S. prepared food business ■ Acquired digital functions and strengthened customer management

Key Initiative (c): Cash Flow Focused Management: Strengthen Financial Base

Three-year cumulative core operating cash flow for the period of the previous Medium-term Management Plan was ¥1.86 trillion, supported by strong commodities prices, and capital from asset recycling amounted to ¥780 billion. Cash inflows totaled ¥2.64 trillion, significantly exceeding target (¥2.4 trillion). As a result of continued investment discipline and narrowing-down of projects, cash outflow was ¥1.91 trillion, mostly in line with target (¥1.7 trillion - ¥1.9 trillion). Shareholder returns totaled ¥510 billion, comprising dividends and three share buybacks and were supported by strong cash generation. Free cash flow after shareholder returns* was positive at approximately ¥220 billion.

	Previous Medium-term management plan targets	3-year cumulative results
Core operating cash flow	¥1,700bn	¥1,860bn
Asset recycling	¥700bn	¥780bn
Investment & Loans	¥(1,700)bn to ¥(1,900)bn	¥(1,910)bn
Shareholder Returns	¥(300)bn	¥(510)bn
Free cash flow after shareholder returns*	¥200bn to ¥400bn	¥220bn

*Free cash flow that excludes the effects of changes in working capital and time deposits

Key Initiative (d): Enhance Governance, Personnel, and Innovation Functions

We took steps to improve the effectiveness of the Board of Directors, holding an off-site meeting for intensive discussion of corporate strategy, increasing opportunities to discuss important themes which affect the entire company—such as sustainability—and implementing measures to deepen discussion on individual business projects. We also conducted a third-party evaluation of Board efficiency and, reflecting many years of dedicated effort, received an evaluation that governance effectiveness overall is at a high level. In addition, Samuel Walsh and Takeshi Uchiyamada, who both have considerable business experience, were appointed directors at our Ordinary General Meetings of Shareholders on June 21, 2017 and June 20, 2019 respectively. At our shareholders' meeting on June 19, 2020, Masako Egawa, who has deep insight in corporate governance, was appointed a director. Through these measures and initiatives, we aim to further enhance the diversity and effectiveness of Mitsui's Board of Directors.

With respect to strengthening individual personnel, we have taken steps to enhance our global HR management, introducing the "Change Leader Program" to identify and foster diverse talent globally, and we are promoting the utilization of human resources on a global basis by developing and strengthening next-generation leaders regardless of where they are hired.

To strengthen our innovation functions, we established Moon Creative Lab Inc. as a subsidiary to “create” new businesses from the ground up. We have also developed and strengthened digital infrastructure, enabling employees to work effectively from home even under the current emergency situation brought about by the COVID-19 pandemic.

(2) Operating Environment

1) General

Note: The following describes the understanding of the economic environments as of May 2020.

Descriptions included herein may differ from our current understanding.

In the year ended March 31, 2020, while the global economy was continuing to exhibit sluggishness during the final months of the calendar year 2019, particularly in the manufacturing sector, due to trade friction between the U.S. and China and other factors, it sharply deteriorated due to the effect of COVID-19, whose infections have been spreading globally since the beginning of 2020.

In the U.S., the lockdowns and sharp rise in unemployment are expected to greatly suppress consumer spending, which has been a growth driver up until now. In Europe as well, there has been a great decrease in consumer spending, which had been underpinning the economy, and a large drop in exports is expected to accompany the slump in external demand. In Japan, where a weakening economic trend had already begun on account of the hike in consumption tax, further drops in consumer spending and exports are expected to greatly suppress the economy. Looking at the emerging economies, China, which was first to feel the effect of COVID-19, appears to have made it out of its worst period for economic activity and be moving toward recovery, but it will be unable to avoid an extensive slowdown in economic growth. Brazil and Russia are also experiencing broad deterioration in the economy due to the effect of COVID-19 and falling oil prices.

The global economy is expected to begin recovering in the second half of 2020. Although it is necessary to be cautious of an adverse effect on the economy overall if the spread of COVID-19 persists, provided that COVID-19 gets under control, the large-scale budgetary expansion and monetary easing of the various countries are expected to boost recovery.

2) Iron & Steel Products

Global steel output for the 2019 increased by 3.4% year-on-year to approximately 1.9 billion tons driven by China and India continuously and production in the North America was also increased. On the other hand, due to continued excessive steel supply mainly from Chinese steel manufacturers, which account for almost half of the global steel output, the difficult business environment is expected to persist. Under this situation, amid the integration in the steel industry even more intensified reorganization could occur among steel distributors. Also, the influence caused by the COVID-19 on demand for steel needs to be watched carefully.

Over the medium to long term, the domestic iron and steel market is expected to shrink due to population decline, among other factors. However, we anticipate that Asia will drive a global economic recovery, resulting in increased demand overseas for iron and steel products and accelerating local supply for local demand especially in developing countries. Many business opportunities are expected to arise from this development.

3) Mineral & Metal Resources

In the short term, the effects of the global spread of COVID-19 may lead to a weaker commodity market. However, steel and non-ferrous metals are core industrial materials, and demand for these materials is likely to grow over the long term. Nevertheless, the demand is expected to be tightened due to short supply resulting from rising development and production costs, depletion of quality minerals from existing mines, and limited availability of high-quality undeveloped projects. In addition, as the imminent need to alleviate environmental burden is growing, we are seeing rising demand in areas such as metal reuse/recycling, battery material supply, as well as electrification and shift to multi-material. The mineral and metal resources business will remain important to part of our business.

4) Energy

In the short term, the oil and gas prices have dropped significantly due to the spread of COVID-19 and the collapse of cooperative production cuts among major oil producing countries, and it is important to monitor the new supply and demand situation triggered by the possible changes in consumer behavior patterns. In the medium to long term, energy demand is

expected to increase along with population and economic growth around the world, and the main sources of primary energy are expected to continue to be oil, natural gas, coal, and nuclear fuel. However, due to the introduction of new policies to tackle climate change, there are analysis and scenarios that show a plateau in the energy demand for fossil fuel from around 2030 to 2040, and it is important for us to build a strong portfolio of cost competitive assets that can thrive under that environment. As the demand for crude oil is expected to increase in the medium to long term, the oil price is expected to follow a gentle uptrend mainly due to the effect of slowed-down development by restrained new upstream investment and the necessity to transfer development activities to higher cost fields. At the same time, we are aware of the travel restrictions due to the spread of COVID-19 and the rapid growth in sales of EVs in conjunction with the effect of environmental regulations, therefore we need to monitor the potential decrease in the demand for oil carefully.

The LNG market is expected to remain as an oversupply situation for the time being, because the pace of LNG demand increase will not match the supply increase by start-up of new large-scale LNG projects in Australia, the U.S., and so on. However, in the medium to long term, the oversupply situation is expected to be resolved around the early 2020s due to the firm demand increase mainly resulting from market expansion in emerging countries and an environmental consideration.

In the upstream and midstream business, including E&P and LNG projects, we are promoting the development of undeveloped reserves and acquisition of good quality assets, and will continuously establish a solid portfolio with a strong resilience to the downturn of the market that can contribute to stable profit even in decreasing prices. In addition, by capturing new demand arising in emerging countries and strengthening the global logistics, we will enhance our presence in the trading network, and we will develop business through our energy value chain from upstream to midstream to downstream, further enhancing our earnings base and improving the sustainable value-creating capabilities of our business portfolio.

As a response to climate change, there has been a need for a shift to cleaner energy and action taken toward contributing to a low-carbon society, and thus we focus on natural gas/LNG and new energy businesses that have a relatively low environmental impact. The growth rate of renewable energies, centered primarily on solar power and wind power, is high due to cost reduction by rapid technological innovation. Depending on the pace of growth, it could significantly affect the composition of primary energy sources.

By assessing the trends in energy business from a long-term perspective, we intend to promote the establishment of a well-balanced energy portfolio for the future, and to contribute to the sustainable growth of society through comprehensive stable energy supply.

5) Machinery & Infrastructure

Although we are currently seeing waning demand as a result of the deteriorated economic activity due to lockdowns related to spread of COVID-19, demand for the development of core infrastructure such as power, logistics, and communications in emerging countries backed by rapid population growth and economic development and demand for the repair and renewal of aging infrastructure in developed countries will persist over the medium- to long-term. Moreover, major changes to the structure of industry are underway, driven by awareness of ESG issues, technological innovation, progression of digital economies, excessive liquidity of funds, advances in AI and IoT, and the emergence of huge digital platforms.

Power demand has decreased following a slowdown in the global economy due to a prolonged situation of spread of COVID-19. Nevertheless, in the medium to long term, amid trends towards Decarbonization, Digitalization and Decentralization (3Ds), there will be significant increase in demand of renewable energy and the associated demand for gas-fired power to coordinate with renewable energy. Moreover, in the future, as digital technology/digital transformation (DX) and low-carbon-society movements advance, high growth is expected in Energy as electric power becomes decentralized and more service-orientated, and in the many New Downstream encompassing the other area, particularly in the Mobility field.

In the logistics field, the global economic slowdown resulting from trade friction between U.S. and China and the prolongation of the spread of COVID-19 are causing trade volumes to fall around the world, but the expected growth over the medium to long term in internal demand and consumption driven by the expansion of the middle class, particularly in emerging countries, will support stable demand for logistics infrastructure.

In the field of communications, explosive growth is anticipated in the digital infrastructure that will support the increase in data volume being driven by lifestyle shifts amid the spread of COVID-19.

In Mobility, the spread of COVID-19 is driving a decline in the manufacture and sales of cars and motorcycles and in the use of construction and mining machinery. The immediate impact on airlines and railways has been also inevitable, and the medium- to long-term initiatives oriented to the post-COVID-19 world are needed. The movement of people and goods associated with population expansion and continued economic growth in emerging countries will remain on an upward trend and as environmental regulations tighten and ESG awareness grows, the forecast is that demand will increase for infrastructure services related to movement and transportation, which incorporate energy conservation, new fuel sources, and electrification. As a result of the strengthening of emissions regulations to combat global warming, the movement from coal to gas is accelerating even in

emerging countries and LNG trends are towards smaller scale and greater diversification. As populations become increasingly concentrated in cities and traffic congestion worsens, restrictions are being placed on the use of private cars and growth in demand for mass public transit is anticipated. Technological innovations, such as digitization and automation, to improve productivity and address labor shortages are booming. As the development of CASE-related technologies accelerates, demand for automation and features that support disabled users is forecast to grow while changes to the structure of industry including possible mergers and acquisitions will accelerate as consumer needs diversify, preferences shift from automobile ownership to ride-hailing and ride-sharing, and new players enter the market bringing new technologies and business models. Business opportunities that utilize outer space and demand for peripheral services are expected to grow, and mobility markets that provide platforms centered around services to end users will continue to expand.

6) Chemicals

Along with the slowdown in demand of crude oil for fuels, the trend of “Oil to Chemical” is accelerating around the world, in which oil refineries are shifting their production towards chemical products. This phenomenon has started to appear in China and India who are moving toward more self-sufficiency in the production of key chemical products. As a result, market structure and trade flows are changing. Furthermore, in order to tackle climate change and environmental issues, we are closely monitoring establishment of the circular economy and carbon-management, which have become serious management issues for the petrochemical industry as a whole.

In the business area of performance materials, we are focusing on technology innovations in materials along with potential regulations to realize recycling societies in the context of environmental issues, changes in consumer needs to improve health and quality of life, changes in social behavior due to COVID-19, and the implementation of new digital technologies such as AI and 5G.

In the business areas of agricultural chemicals and food and nutrition science, the need for increased food production due to the world-wide growth in population and the global economy, and the demand for high-value-added food due to the increase in middle income earners and an improved awareness towards health, are both increasing significantly. Therefore we foresee continued market expansion.

7) Lifestyle

Our business environment has deteriorated as the global spread of COVID-19 has caused self-restraint, partial suspension of manufacturing, a decrease in logistics, and a decline in consumer demand, and it is necessary to continue being monitored carefully. Once the spread of the infections is contained, backed by the global population growth and economy recuperate, food demand is expected to increase constantly. Meanwhile, against a background of decreasing in agricultural population primarily in industrialized countries, changes to suitable agricultural land due to climate change, and introducing new technology and production technology innovation utilizing digital transformation and AI, the change of the volume of production as well as distribution of food-producing regions is progressing and the need to secure food resources and stable food supplies is expected to grow further. The global increase of the middle-income class leads to the sophistication of food demand, such as preferences for taste, animal protein, and so on. Additionally, the aging of society led food demand to diversify in areas such as health improvement, disease prevention, safety, security, and so on. We believe that it is also necessary to address the demand for high-value-added food in the segment.

In Japan’s consumer market, consumption is expected to slow down at a moderate pace due to a declining birthrate and a population that is contracting and aging. Areas such as e-commerce and businesses intended for the elderly, however, continue to grow to a certain degree. E-commerce, in particular, is rapidly growing not only domestically but also globally due to the recent situation. However, the changing scale of the market is not the only issue. Against a backdrop of changing lifestyles accompanying the increase in the senior population, increases in dual-income households and small families due to more women having jobs, and the increase of consumer interest in “health, environment, and sustainability,” there are substantial changes in the quality of products and services required in food and retail businesses.

In emerging countries, mainly in Asia, the growth of medical expenditures is accelerating alongside changes in disease patterns, such as an increase in chronic disease patients, accompanying population growth, an aging society, an increasing middle-income class, and economic development. On the other hand, due to a shortage in the supply of medical services, demand-supply gaps regarding medical services are expected to expand further. In addition, the popularization of remote diagnostics, which are attracting attention as a prevention measure against the spread of COVID-19, and the expansion of the medical value chain into the wellness field including pre-symptomatic conditions/prevention are expected. At the same time, efforts to improve customer satisfaction and enhance operational productivity utilizing digital technology will also be accelerated. We believe that it is

necessary to address the difficult issues of curtailing medical expenditures by expanding preventive healthcare services to respond to the medical needs for many people.

8) Innovation & Corporate Development

In the business area of ICT, the digitalization of society has produced a wide variety of data through the use of IoT/AI, robotics and the transformation of consumer services. We are increasingly required to convert these data into worthy services. Furthermore, since the spread of COVID-19 has changed the lifestyles and working styles significantly, there are growing needs for the new “Contactless” services as well as the development of digital infrastructure to accommodate for the increased volume of data communications.

In the business area of Corporate Development, the investment landscape is continuously evolving due to innovation in technology and growing awareness of harmony with the environment, and the investment decisions taking into account the changes in the macro economy and equity/commodity markets have become ever more important.

(3) Mission, Vision, Values

Mitsui established the following Mission, Vision, Values management philosophy on May 1, 2020. Since the establishment of our previous MVV in 2004 the environment has changed in many ways, and the expectation is that the pace of change will only accelerate. The updated MVV maintains the spirit of the original corporate philosophy while redefining our goals in this era of change.

The MVV are presented in clear and straightforward language so that employees around the world can understand, empathize, and reflect in their daily work the concept of being challengers and innovators, which is Mitsui’s DNA, and how we can respond to the expectations and demands of stakeholders and society.

Under this new MVV, the Mitsui Group will work together to pursue the theme of the new Medium-term Management Plan, Transform and Grow.

Mission

Build brighter futures, everywhere

Realize a better tomorrow for earth and for people around the world.

Vision

360° business innovators

As challengers and innovators, we create and grow business while addressing material issues for sustainable development.

Values

Our core values as challengers and innovators

Seize the initiative

We play a central role in driving transformation.

Thrive on diversity

We foster an open-minded culture and multiply our strengths to achieve excellence.

Embrace growth

We drive our collective growth by continuously growing as individuals.

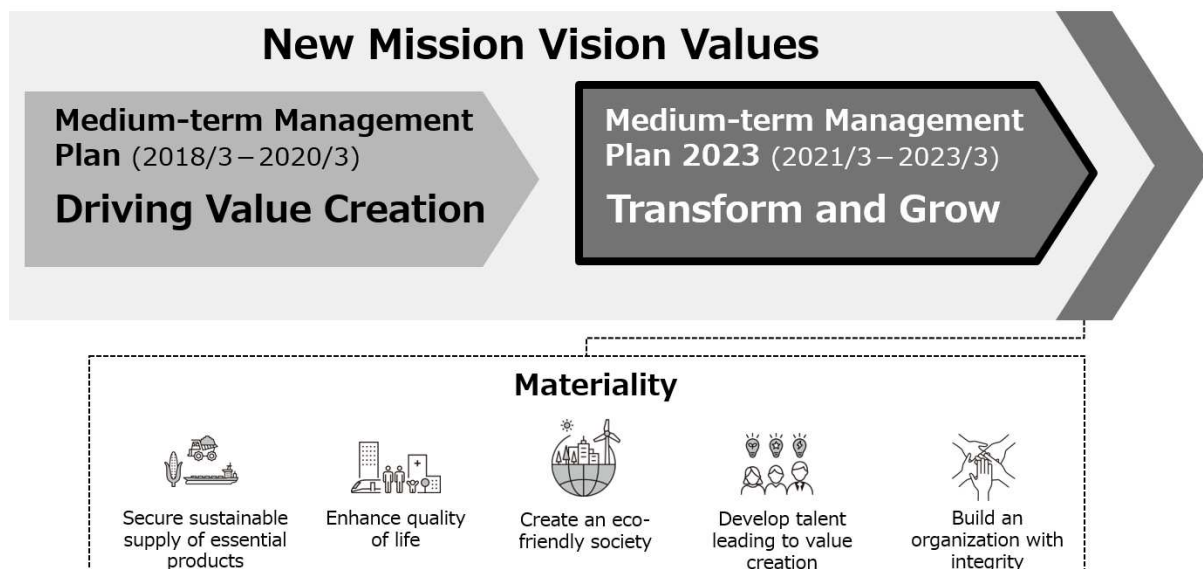
Act with integrity

We pursue worthy objectives with fairness and humility, taking pride in work that stands the test of time.

(4) New Medium-term Management Plan

1) Our Goals

The title of our new Medium-term Management Plan, Transform and Grow, reflects a commitment to achieve further steady growth by reassessing how we think and act with the aim of improving our corporate value over the medium to long term amid a dramatically changing business environment. With the updated MVV and Materiality, which was updated in April 2019, as our business foundation we will gain a sound grasp of accelerating changes and demand and through our own growth contribute to social development.



2) Quantitative Targets for the Year Ending March 31, 2023

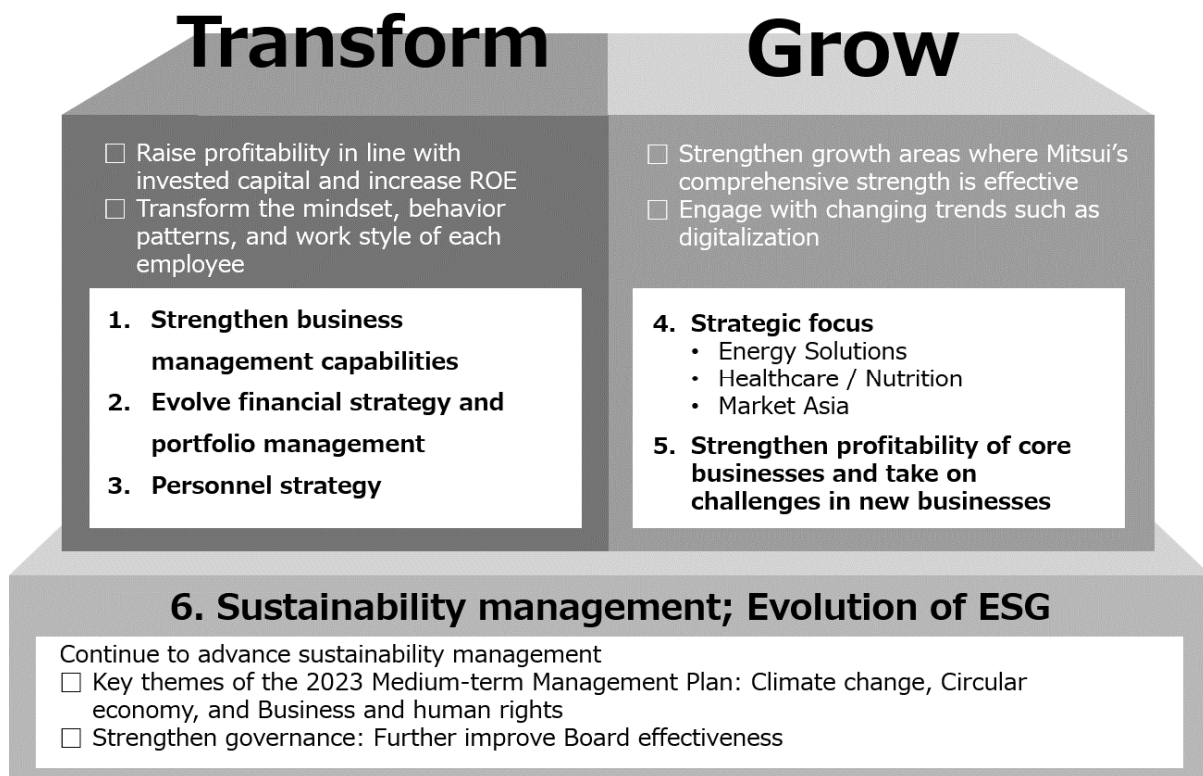
For the fiscal year ending March 31, 2023, the final fiscal year of the new Medium-term Management Plan, we are targeting core operating cash flow of ¥550 billion, profit for the year of ¥400 billion, and ROE of 10%. While we anticipate an inevitable decline in profit in the short term due to the impact of COVID-19, we aim to quickly return to a growth trajectory and achieve our quantitative targets by implementing the strategies of the new Medium-term Management Plan.

Core operating cash flow	Profit for the year	ROE
¥550bn (Year to March 2023)	¥400bn (Year to March 2023)	10% (Year to March 2023)
¥561.0bn (Year to March 2020) *	¥391.5bn (Year to March 2020)	9.7% (Year to March 2020)

*Core operating cash flow for the fiscal year ended March 31, 2020 has been restated after deducting payment of lease liabilities (absolute value).

3) Six Corporate Strategies

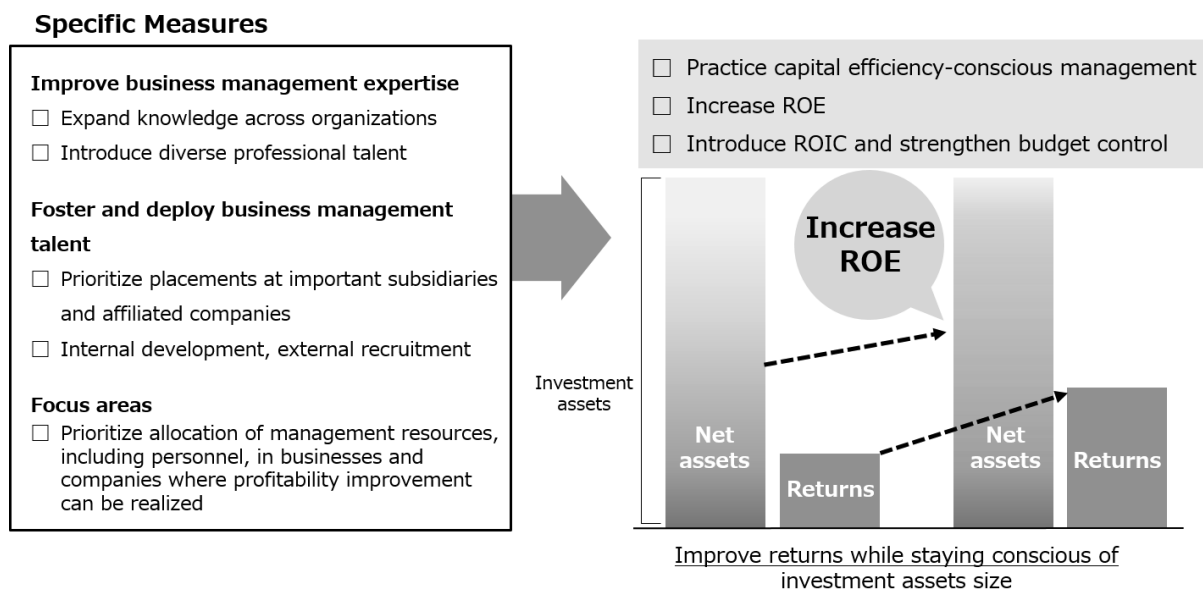
We have established six companywide strategies for each employee throughout the global group to implement and realize the concept of Transform and Grow.



(i) Strengthen Business Management Capabilities

We are aiming to strengthen our business management capabilities in order to quickly recover a growth trajectory within an increasingly uncertain business environment. We will improve business management expertise and develop and activate business management talent while prioritizing allocation of management resources to businesses and companies where we can actively increase value and where profitability can be improved. We will introduce ROIC* as an internal management indicator, strengthen budget control, and practice management that is more conscious of the profitability of investment assets.

*Return on invested capital



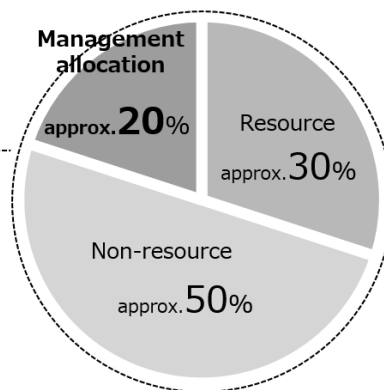
(ii) Evolve Financial Strategy and Portfolio Management

We will continue to evolve our financial strategy and portfolio management within our cash flow allocation framework. Under the new Medium-term Management Plan, projects for which investment decisions have already been made, investments for maintaining existing businesses, and capital except for the minimum needed for dividends will be defined as “management allocation,” and we will allocate capital strategically and flexibly to growth investments and additional shareholder returns. During the period of the new Medium-term Management Plan, we will set a minimum dividend of ¥80 per share and pursue shareholder returns that reflect improvements in capital efficiency, while at the same time working to maintain and improve our financial base.

Below is our forecast for cash flow allocation based on this policy.

Medium-term Management Plan 2023 Cash Flow Allocation

Cash-In	Core operating CF	¥1,500bn
	Asset recycling	¥900bn
Cash-Out	Post FID investment, maintenance CAPEX	¥1,500bn-¥1,700bn
	Growth investments (Strategic focus/new)	
	Share buyback + additional dividend	¥300bn-¥500bn Management allocation
	Dividend (minimum)	¥400bn



(iii) Personnel Strategy

We will engage in next-generation work style innovation that also considers what the situation will be once the COVID-19 pandemic is contained, and we will allocate diverse professional talent to appropriate positions throughout the global group and cultivate and use business management personnel.

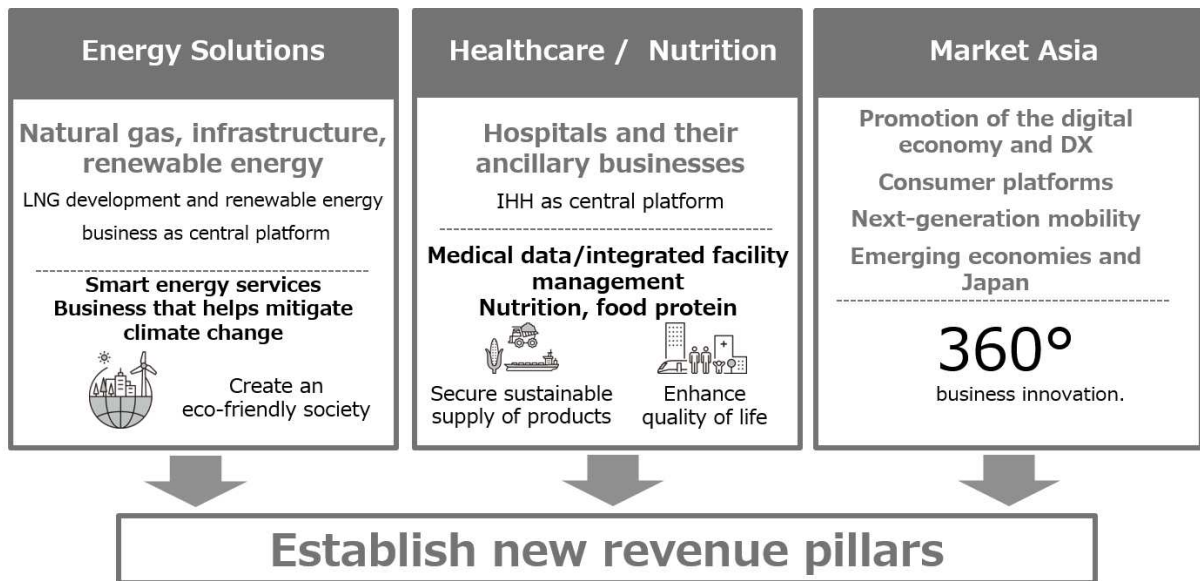
We will accelerate our evolution to a new work style with a commitment to results and leveraging digital tools, and use the move to the new Head Office Building as an opportunity to encourage employees to transform their mindsets and behavior patterns. We will also strengthen the professional mindset of employees, and by implementing global talent management realize stronger business management capabilities and maintain sustainable competitiveness.

Local Depth for Global Reach, Global Reach for Local Depth	<input type="checkbox"/> Promote and appoint personnel regardless of where they were recruited <input type="checkbox"/> Develop next-generation leaders on a global basis <input type="checkbox"/> Strengthen Global Talent Management
Diversity & Inclusion	<input type="checkbox"/> Create frameworks and organizations where diverse personnel can thrive <input type="checkbox"/> Strengthen employee engagement on a global group basis <input type="checkbox"/> Provide an innovative working environment where employees can deliver their best
Strengthen diverse individuals	<input type="checkbox"/> Inspire and develop personnel who can take on business management <input type="checkbox"/> Implement personnel systems and operations that empower the individual to succeed

New Mission Vision Values

(iv) Strategic Focus

We will enhance our focus on Energy Solutions, Healthcare & Nutrition, and Market Asia, three areas where we can leverage our strength in using existing business as platforms for multifaceted value creation. We will seek further growth by capturing demand in Environment & Health and a growing Asian market.

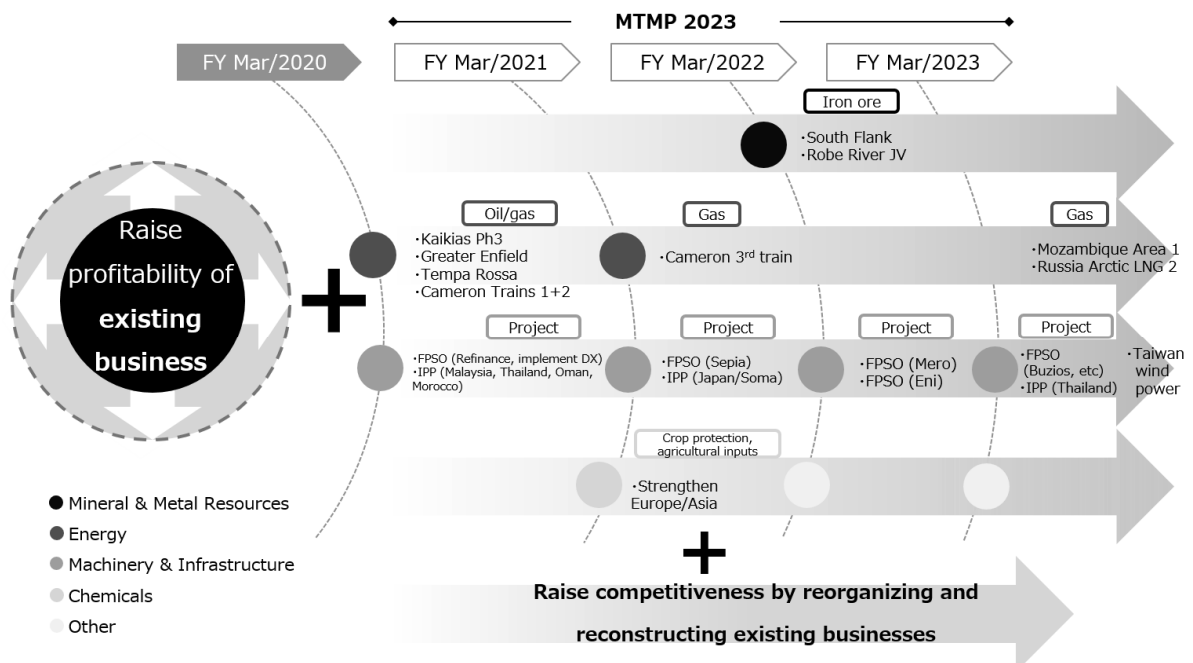


(v) Strengthen Profitability of Core Business and Take on Challenges in New Businesses

In our previous Medium-term Management Plan, we identified Resources & Energy, Machinery & Infrastructure and Chemicals as core areas. They will remain core in the new plan and we will continue to pursue steady growth in these areas by strengthening our competitiveness, optimizing our portfolio through business recycling, and executing bolt-on investments.

The chart below shows the accumulation of high-quality assets through the period of the previous Medium-term Management Plan and the period in which they begin to make quantitative contributions. We aim to further strengthen our profit base with the steady launch of these projects.

We will also accelerate measures to restructure and revitalize existing businesses to ensure we maintain strong competitive positions.



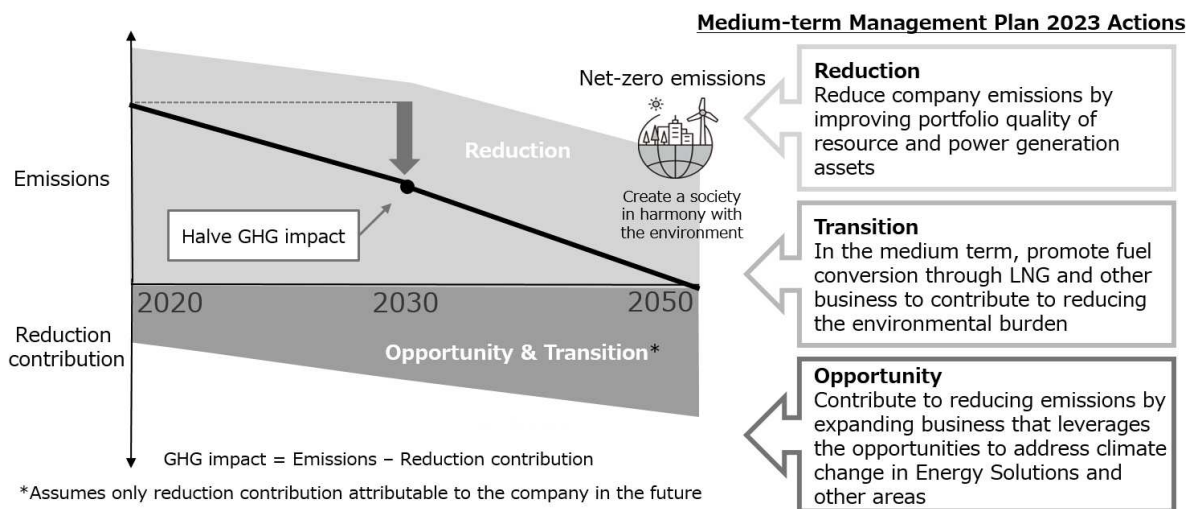
With regard to new businesses, we will accelerate initiatives leveraging Moon Creative Lab Inc., which we launched during the period of the previous Medium-term Management Plan with the aim of creating our own new business models. Amid the COVID

-19 pandemic, where the importance of digital transformation has become even more apparent from the perspective of business continuity, we are enhancing initiatives from both defensive and offensive postures.

(vi) Sustainability Management

We will enhance sustainability management as the foundation of our transformation and growth. We have identified three core issues to engage with during the term of our management plan, based on their impact on our business and the increasing expectations of society. The three issues are climate change, the circular economy, and business and human rights.

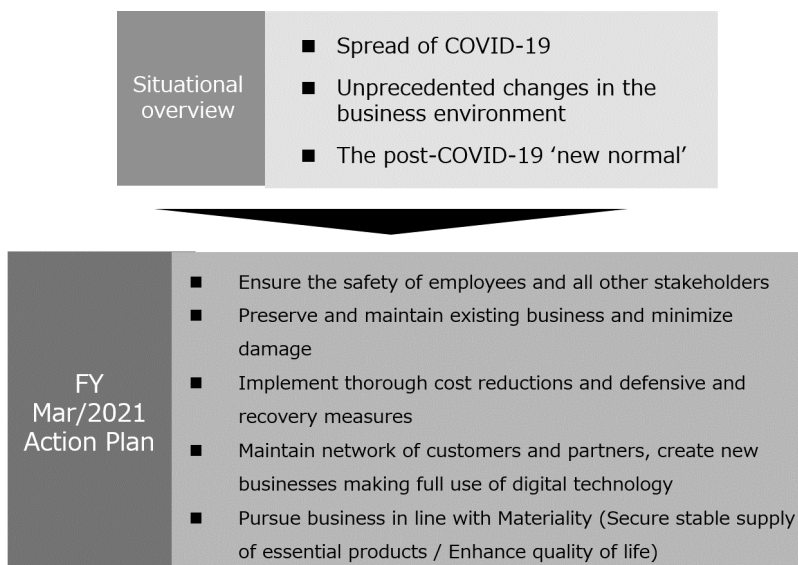
With regard to climate change in particular, as part of our goals in 2050, we have set a goal of achieving net-zero emissions by that year, with a 2030 milestone of reducing greenhouse gases (GHG) impact by 50% compared to 2020. There are three main measures we will take to achieve this. The first is reduction, where we optimize our resource and power generation assets to reduce emissions. The second is transition, where we support the shift to a low-carbon society through LNG businesses that move energy generation away from coal thermal plants. The third is opportunity, where we will pursue business that benefits from moves to address climate change.



4) Action Plan for the Fiscal Year Ending March 31, 2021

The COVID-19 pandemic has drastically changed the operating environment. Our task is to manage our way through this crisis, ensure the safety of employees and stakeholders, maintain and protect our existing businesses, rigorously manage risk, and reduce costs to further strengthen our downside resilience.

Moreover, we must maintain our network of customers and partners and create new businesses making full use of digital technology.



5) Profit Distribution Policy

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

(5) Forecasts for the Year Ending March 31, 2021

1) Forecasts for the Year Ending March 31, 2021

[Assumption]	Forecast	Result
Exchange rate (JPY/USD)	108.00	108.95
Crude oil (JCC)	\$33/bbl	\$67/bbl
Consolidated oil price	\$39/bbl	\$68/bbl

(Billions of yen)	March 31, 2021 Forecast	March 31, 2020 Result	Change	Description
Gross profit	680.0	839.4	(159.4)	COVID-19 Lower crude oil and gas prices Lower iron ore prices
Selling, general and administrative expenses	(610.0)	(584.9)	(25.1)	Miscellaneous
Gain (loss) on investments, fixed assets and other	30.0	(37.7)	+67.7	Absence of impairment loss in Energy segment
Interest expenses	(50.0)	(48.2)	(1.8)	
Dividend income	60.0	96.5	(36.5)	Decrease in dividends from six LNG projects
Profit (loss) of equity method investments	170.0	269.2	(99.2)	COVID-19 Lower crude oil and gas prices
Profit before income taxes	280.0	534.3	(254.3)	
Income taxes	(85.0)	(123.0)	+38.0	
Non-controlling interests	(15.0)	(19.8)	+4.8	
Profit for the year attributable to owners of the parent	180.0	391.5	(211.5)	
Depreciation and amortization	300.0	256.1	+43.9	
Core operating cash flow	400.0	561.0	(161.0)	

- Forecast for the fiscal year ending March 31, 2021 is calculated on the assumption that the impact of the spread of COVID-19 will recover from the latter half of the fiscal year ending March 31, 2021 and it includes declining profit of about ¥200 billion as the impact of the spread of COVID-19. Although there is a high degree of uncertainty in the environment with limited information and restrictions, the breakdown is about ¥90 to ¥100 billion in Mineral and Metal Resources area Energy area, which is affected by the decline of commodity price assumption, about ¥70 billion in Mobility area and Healthcare & Service area, in which demand and utilization rates decline significantly, about ¥20 billion for Steel Product area and Chemical area, which are affected by sluggish materials and a decrease in demand, and about ¥10 to 20 billion for others.
- We assume foreign exchange rates for the year ending March 31, 2021 will be ¥108/US\$, ¥75/AU\$ and ¥26/BRL, while average foreign exchange rates for the year ended March 31, 2020 were ¥108.95/US\$, ¥73.81/AU\$ and ¥26.29/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2021 will be US\$39/barrel, down US\$29 from the previous year, based on the assumption that the crude oil price (JCC) will average US\$33/barrel throughout the year ending March 31, 2021.
- From April 1, 2020, in order to reflect a regular cash generation output from operating activities more appropriately, a payment amount for repayment of lease liabilities (absolute value) has been deducted from Core operating cash flow. In conformity with this change, Core operating cash flow for the year ended March 31, 2020 has been restated.

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

Effective April 1, 2020, in order to accelerate our multifaceted, flexible initiatives that combine various kinds of knowledge from different business domains, the business of the infrastructure of next-generation electric power was transferred from the Machinery & Infrastructure segment to the Energy segment, in conjunction with the creation of the Energy Solutions Business Unit in Energy segment. In accordance with the aforementioned changes, the operating segment information for the year ended March 31, 2020 has been restated to conform to the operating segments as of April 2020.

(Billions of yen)	Year ending March 31, 2021	Year ended March 31, 2020	Change	Description
Iron & Steel Products	5.0	4.7	+0.3	
Mineral & Metal Resources	120.0	183.3	(63.3)	Lower iron ore prices
Energy	0.0	57.8	(57.8)	Lower crude oil and gas prices
Machinery & Infrastructure	35.0	89.4	(54.4)	COVID-19
Chemicals	20.0	22.3	(2.3)	
Lifestyle	5.0	32.0	(27.0)	COVID-19
Innovation & Corporate Development	15.0	14.6	+0.4	
All Other and Adjustments and Eliminations	(20.0)	(12.6)	(7.4)	
Consolidated Total	180.0	391.5	(211.5)	

The forecast for core operating cash flow by operating segment compared to the original forecast is as follows:

(Billions of yen)	Year ending March 31, 2021	Year ended March 31, 2020	Change	Description
Iron & Steel Products	0.0	2.2	(2.2)	
Mineral & Metal Resources	160.0	243.7	(83.7)	Lower iron ore prices
Energy	90.0	206.5	(116.5)	Lower crude oil and gas prices
Machinery & Infrastructure	60.0	86.9	(26.9)	COVID-19
Chemicals	45.0	35.8	+9.2	
Lifestyle	15.0	20.8	(5.8)	
Innovation & Corporate Development	15.0	3.9	+11.1	
All Other and Adjustments and Eliminations	15.0	(38.8)	+53.8	Absence of contribution to corporate pension
Consolidated Total	400.0	561.0	(161.0)	

2) Key commodity prices and other parameters for the year ending March 31, 2021

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2021. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2021			March 2021 Assumption	March 2020 Result	
Commodity	Crude Oil/JCC		-	33	67
	Consolidated Oil Price (*1)		¥3.2bn (US\$1/bbl)	39	68
	U.S. Natural Gas (*2)		¥0.9bn (US\$0.1/mmBtu)	2.15 (*3)	2.53 (*4)
	Iron Ore (*5)		¥2.2bn (US\$1/ton)	(*6)	95 (*7)
	Coal	Coking	¥0.4bn (US\$1/ton)	(*6)	169 (*8)
		Thermal	¥0.1bn (US\$1/ton)	(*6)	95 (*8)
	Copper (*9)		¥0.7bn (US\$100/ton)	5,600	6,005 (*10)
Forex (*11)	USD		¥1.3bn (¥1/USD)	108	108.95
	AUD		¥1.6bn (¥1/AUD)	75	73.81
	BRL		¥0.3bn (¥1/BRL)	26	26.29

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the Consolidated Oil Price, which reflects this lag. For the year ending Mar/2021 we have assumed that there is a 4-6 month lag for approx. 30%, a 1-3 month lag for approx. 50%, and no lag for approx. 20%. The above sensitivities show annual impact of changes in consolidated oil price.

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

(*3) HH price of US\$2.15/mmBtu is assumed for sales prices linked to the HH price.

(*4) U.S. gas figures for FY Mar/2020 are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to December 2019.

(*5) The effect of dividends received from Vale has not been included.

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

(*7) Iron ore results figures for FY Mar/2020 are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2019 to March 2020.

(*8) Coal results figures for FY Mar/2020 are the quarterly average prices of representative coal brands (US\$/MT)

(*9) As the copper price affects our consolidated results with a 3 month time lag, the above sensitivities show the annual impact of US\$100/ton change in averages of the LME monthly average cash settlement prices for the period March to December 2020.

(*10) Copper results figures for FY Mar/2020 are the averages of the LME monthly average cash settlement prices for the period January to December 2019.

(*11) Impact of currency fluctuations on reported profit for the year of overseas subsidiaries and equity accounted investees denominated in functional currencies. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit for the year of overseas subsidiaries and associated companies (denominated in functional currencies) into yen. In the Metal Resources and Energy business where the sales contract is in US\$ the impact of currency fluctuations between the US\$ and the functional currencies (Australian dollar and Brazilian real) and the impact of currency hedging are not included.

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for profit for the year attributable to owners of the parent for the years ended March 31, 2020 and 2019 reported by overseas subsidiaries and equity accounted investees were ¥350.5 billion and ¥368.8 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on profit for the year attributable to owners of the parent for the year ending March 31, 2021.

- (a) We aggregated a total projected profit for the year attributable to owners of the parent in the business plans of these companies covering the year ending March 31, 2021, according to their functional currencies. Firstly, we aggregated Australian dollar- and Brazilian real-denominated projected profit for the year attributable to owners of the parent of those companies using two currencies as functional currencies. Secondly, we aggregated the rest of the projected profit for the year attributable to owners of the parent from overseas subsidiaries and equity accounted investees as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation for three categories of aggregated profit for the year attributable to owners of the parent.

For example, yen appreciation of ¥1 against US\$1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥1.3 billion. Specifically, for the profit for the year attributable to owners of the parent from those companies using Australian dollar and Brazilian real as functional currencies, appreciation of ¥1 against AUD1 and BRL1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥1.6 billion and ¥0.3 billion, respectively.

- (b) Profit for the year attributable to owners of the parent from those mineral resources and energy producing companies are affected by the currency fluctuation between the US dollar as a contractual currency of sales contracts and the two currencies as functional currency, affecting their Australian dollar or Brazilian real denominated revenues. Attention should be paid to this, in addition to the impact that is discussed in (a) above.
- (c) Furthermore, some subsidiaries and equity accounted investees, including the mineral resources- and energy-related production companies, carry out hedging on the exchange rates between their functional currencies and the US dollar, which is the contract currency for sales contracts. There are also cases that they carry out exchange rate hedging for yen equivalence valuation of profit for the year attributable to owners of the parent that is denominated in foreign currencies. It is necessary to take the impact of these factors into consideration separately from the sensitivity resulting from the yen equivalence valuation of profit for the year attributable to owners of the parent in each of the three currencies mentioned in (a) above.

2. Risk Factors

For a wide variety of quantitative and qualitative risks which we face, each of the Corporate Staff Divisions cooperates by establishing various internal rules for risk management within their respective risk management areas, as well as conducting prior investigations and after-the-fact monitoring. We establish an integrated risk management system that has centralized control over the company-wide risks, which is centered around the Corporate Management Committee and the Portfolio Management Committee as an organization under the Corporate Management Committee, and we identify important risks in light of the frequency of occurrence, expected damage scale, and company-wide risk tolerance. The important risks as of March 31, 2020 are as follows;

(1) Risks of COVID-19

From the beginning of 2020, movement has been restricted around the world in response to the spread of COVID-19 and cities have been locked down. As a result, demand has declined significantly and the prices of commodities have dropped sharply. Uncertainty about when the spread of COVID-19 will end and what will become of the social and economic environment thereafter is increased.

Our forecast for the fiscal year ending March 31, 2021 is calculated on the assumption that the impact of the spread of COVID-19 will recover from the latter half of the fiscal year ending March 31, 2021. In the case that a decline in demand from our customers for our products and services caused by a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, etc. is significantly different from the assumption, and in the case that the product market condition falls sharply and continuously due to a global supply and demand imbalance, it may significantly adversely affect our operating results and financial condition.

As our action plan for the fiscal year ending March 31, 2021, we prioritize ensuring employees' and stakeholders' safety, maintaining our existing businesses, rigorously managing risk, and reducing costs to further strengthen our downside resilience. We not only maintain the business network with customers and partners, but also create new businesses making full use of digital technology.

For further information, see "1. Management Policies, Operating Environment, and Management Issues, (4) New Medium-term Management Plan 4) Action Plan for the Fiscal Year Ending March 31, 2021" and "(5) Forecasts for the Year Ending March 31, 2021."

(2) Business Investment Risks

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

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

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

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

For these risks, new investment decisions are made based on analysis of qualitative factors as well as the required profitability ratio and other quantitative standards and we perform efficient asset replacement through our periodic monitoring each purpose of

all investments and our determining turnaround plans or exit policies for unprofitable businesses and businesses falling below withdrawal standard cutoffs. In addition to the risk amount carried by assets on our consolidated statements of financial position, we assess and periodically monitor the amount of off-balance-sheet risk, such as market risk and guarantees, using a set standard and periodically stress test our risk adjusted assets (*) for various scenarios, verifying the impact on the risk assets to shareholders' equity ratio.

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

(3) Country Risks

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

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

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

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

(4) Risks Regarding Climate Changes

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

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

Transition risks that are likely to occur in the medium-to-long term includes:

- Policy and Legal Risks: Changes in the energy and power source mix due to government policies in each country and introduction of government-imposed greenhouse gas emission restrictions including imposition of carbon tax, and cap and trade schemes of emission credit could have a significant adverse effect on our operating results and financial condition of our

businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses, and that produce / liquefy coal, oil, and gas, where we have minority share holdings.

- Technology Risks: Introduction of new technologies that respond to climate change may cause changes in the supply and demand of existing products and services, obsolescence of our manufacturing equipment, and deterioration of our interests, and could have a significant adverse effect on our future operating results and financial condition.
- Market Risks: Low-carbon policies of financial institutions and insurance companies may cause risks that affect the procurement of funds for business promotion.

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

(5) Commodity Market Risks

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

Commodity price fluctuations directly affect revenues from the equity share of production at our subsidiaries and equity accounted investees. For the year ending March 31, 2021, we estimate that the impact of a change of US\$1 per ton in the iron ore prices and US\$1 per barrel in crude oil prices on profit for the year attributable to owners of the parent would be approximately ¥2.2 billion and ¥3.2 billion, respectively. For further information about the impact of commodity price fluctuations on our operating results, see "1. Management Policies, Operating Environment, and Management Issues, (5) Forecasts for the Year Ending March 31, 2021" and "3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2020 and 2019."

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

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

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

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

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

(6) Foreign Currency Risks

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

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

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

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

(7) Stock Price Risks of Listed Stock We Hold

We invest marketable equity financial assets which are exposed to risk of stock price fluctuations, for the purpose of creating business opportunities, or building, maintaining, or strengthening business and collaborative relationship. At March 31, 2020, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥645.5 billion, representing 5.5% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could significant adversely affect the value of our investment portfolio and operating results and financial condition due to the decline of other comprehensive income.

We have formulated market risk management policies including stock price risk and have established management systems at several levels. In particular, we manage the stock price risk by analyzing factors of stock price fluctuations.

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

(8) Credit Risks

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

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2020, our current trade receivables (less loss allowance – current) were ¥1,622.5 billion, representing 13.7% of our total assets. The balance of the loss allowance – current for the year ended March 31, 2020 was ¥15.7 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.

We manage credit risks through the management of commitment lines of credit approved by an appropriate person with authority and through monitoring past-due status of credit. In addition, we require collateral and/or other forms of security from counterparties as necessary. For further information about risk management, see Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters.”

Even if the measures for credit risk are implemented, it is not possible for our credit risk management policy to completely eliminate risks relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases

in company bankruptcies may make it difficult for us to collect receivables and significant adversely affect our future operating results and financial condition.

(9) Risks Regarding Fund Procurement

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

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

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

(10) Operational Risks

Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron & steel, mineral & metal resources, energy, machinery & infrastructure, chemicals, lifestyle, innovation & corporate development. These businesses are exposed to various operational risks such as fires, explosions, accidents, export and import restrictions, and natural disasters. The event of these accidents and disasters could significant adversely affect our operating results and financial condition.

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

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

(11) Risks Regarding Employee’s Compliance with Laws, Regulations, and Internal Policies

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

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

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

(12) Risks Regarding Information Systems and Information Securities

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

However, we cannot eliminate all the possibilities of distraction or leakages of confidential business information triggered by unexpected serious IT system troubles, and unforeseeable threats against our IT system infrastructure or communications networks. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, which may have a significant adverse effect on our business, operating results and financial condition.

(13) Risks Relating to Natural Disasters Terrorists and Violent Groups

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

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

In addition to the important risks as of March 31, 2020, we recognize the following risk factors which may have an adversely effect on our operating results, financial condition, and cash-flow. However, these do not cover all risk factors.

▪ General Risks That Are Not Unique to Our Own Risk

- Risks of Changes in Global Macroeconomic Factors

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

- Risks Associated with Laws and Regulations

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

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

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

- **Risks Due to Competition**

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

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

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

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

▪ **Recognized Risks, but the Impact Is Not Significant**

- **Interest Rate Risks**

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

For information on the status of our funding, see “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Liquidity and Capital Resources” and Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS.”

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

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

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

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

- **Risks inherent to Japan**

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

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

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

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

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

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

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

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

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

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

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

(1) Overview of Business Results

1) Operating Results

See "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2020 and 2019, 2) Operating Results by Operating Segment."

2) Cash Flows

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

(2) Purchases, Sales Contracts and Trading Transactions

1) Purchases

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

2) Sales Contracts

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

3) Trading Transactions

See "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2020 and 2019," and Consolidated financial statements Note 6, "SEGMENT INFORMATION."

(3) Key Performance Measures under Management's Discussion

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

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

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

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

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

For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources Segment and the Energy Segment in "1. Management Policies, Operating Environment, and Management Issues, (2) Operating Environment" and "(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2020 and 2019, 2) Operating Results by Operating Segment."

3) Cash Flows, Capital Efficiency, and Financial Leverage

In the former Medium-term Management Plan (announced in May 2017), we utilized core operating cash flow ^(*) as a key performance indicator to measure cash flow generation capabilities and show source of cash reallocation. We continue to utilize core operating cash flow^(*) as a key performance indicator under the new Medium-term Management Plan (announced in May 2020) started from the year ending March 31, 2021.

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

^(*) Until March 31, 2020, core operating cash flow was calculated as cash flows from operating activities without the net cash outflow from an increase in working capital. From April 1, 2020, in order to reflect a regular cash generation output from operating activities more appropriately, core operating cash flow changes its definition to cash flows from operating activities without both the net cash outflow from an increase in working capital and a payment amount for repayment of lease liability (absolute value).

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

(4) Discussion and Analysis of Operating Results for the Years Ended March 31, 2020 and 2019

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year	Change
Revenue		6,885.0	6,957.5	(72.5)
Gross Profit		839.4	838.5	+0.9
Selling, general and administrative expenses		(584.9)	(566.3)	(18.6)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	25.1	4.4	+20.7
	Impairment Reversal (Loss) of Fixed Assets—Net	(110.8)	(27.0)	(83.8)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	9.5	17.9	(8.4)
	Other Income (Expense)—Net	38.5	(18.8)	+57.3
	Reversal of provision related to Multigrain business	-	11.1	(11.1)
Finance Income (Costs)	Interest Income	41.4	43.4	(2.0)
	Dividend Income	96.5	105.9	(9.4)
	Interest Expense	(89.6)	(80.1)	(9.5)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		269.2	255.4	+13.8
Income Taxes		(123.0)	(152.6)	+29.6
Profit for the Year		411.3	431.8	(20.5)
Profit for the Year Attributable to Owners of the Parent		391.5	414.2	(22.7)

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

Revenue

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

Revenue for the year ended March 31, 2020 (“current year”) was ¥6,885.0 billion, a decrease of ¥72.5 billion from the year ended March 31, 2019 (“previous year”).

Gross Profit

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

Selling, general and administrative expenses

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

	Billions of Yen		
	Current Year	Previous Year	Change
Personnel	¥ (298.8)	¥ (299.5)	¥ +0.7
Welfare	(10.4)	(11.9)	+1.5
Travel	(27.5)	(30.9)	+3.4
Entertainment	(6.1)	(6.6)	+0.5
Communication	(44.1)	(43.8)	(0.3)
Rent	(9.3)	(30.2)	+20.9
Depreciation	(41.9)	(16.5)	(25.4)
Fees and Taxes	(13.3)	(12.4)	(0.9)
Loss Allowance	(31.3)	(13.3)	(18.0)
Others	(102.2)	(101.2)	(1.0)
Total	¥ (584.9)	¥ (566.3)	¥ (18.6)

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

	Billions of Yen		
	Current Year	Previous Year	Change
Iron & Steel Products	¥ (27.2)	¥ (27.8)	¥ +0.6
Mineral & Metal Resources	(41.6)	(32.3)	(9.3)
Energy	(43.4)	(45.1)	+1.7
Machinery & Infrastructure	(134.4)	(123.4)	(11.0)
Chemicals	(101.9)	(105.0)	+3.1
Lifestyle	(139.3)	(136.7)	(2.6)
Innovation & Corporate Development	(64.5)	(64.5)	0
All Other and Adjustments and Eliminations	(32.6)	(31.5)	(1.1)
Consolidated Total	¥ (584.9)	¥ (566.3)	¥ (18.6)

Other Income (Expenses)

Gain (loss) on securities and other investments—net

For the current year, a gain on securities was recorded in the Machinery & Infrastructure Segment, the Lifestyle Segment and the Innovation & Corporate Development Segment. For the previous year, a gain on securities was recorded in the Lifestyle Segment.

Impairment reversal (loss) of fixed assets—net

For the current year, an impairment loss on fixed assets was recorded in the Energy Segment, the Lifestyle Segment and the Machinery & Infrastructure Segment. For the previous year, an impairment loss on fixed assets was recorded in the Energy Segment and the Chemicals Segment.

Gain (Loss) on disposal or sales of fixed assets—net

For the previous year, gains on disposal of fixed assets were recorded in the Mineral & Metal Resources Segment, the Iron & Steel Products Segment and the Innovation & Corporate Development Segment, while a loss was recorded in the Chemicals Segment.

Other income (expense)—net

For the current year, the Chemicals Segment recorded insurance proceeds in the business in North America, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option of an investment, and the Machinery & Infrastructure Segment recorded insurance proceeds in Mitsui Bussan Aerospace Co., Ltd. Furthermore, a gain on the sales of property management business in Mitsui & Co. Foresight Ltd. was recorded in the Lifestyle Segment. For the previous year, the Chemicals Segment recorded a loss on the fire accident.

Reversal of Provision Related to Multigrain Business

For the previous year, the Lifestyle Segment recorded a gain on the reversal of the provision for the withdrawal from business.

Finance Income (Costs)

Dividend Income

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

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

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

Income Taxes

Income taxes for the current year were ¥123.0 billion, a decrease of ¥29.6 billion from ¥152.6 billion for the previous year. The effective tax rate for the current period was 23.0%, a decrease of 3.1 points from 26.1% for the previous year mainly due to a decrease of a valuation allowance to deferred tax asset.

Profit for the Year Attributable to Owners of the Parent

Impacts caused by a drop in commodity prices such as crude oil price and impacts to a part of trading businesses due to the spread of COVID-19 were included. As a result, profit for the year attributable to owners of the parent was ¥391.5 billion, a decline of ¥22.7 billion from the previous year.

2) Operating Results by Operating Segment

Real estate business and materials business, which were part of the Lifestyle Segment, were transferred to the Innovation & Corporate Development Segment and Chemicals Segment, respectively, effective April 1, 2019. In accordance with the aforementioned changes, the operating segment information for the previous year has been restated to conform to the current year's presentation.

The description order of reporting segments has been changed in the segment information for the current year, and this change also applies to the previous year.

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	4.7	9.9	(5.2)
Gross profit	24.6	27.2	(2.6)
Profit (loss) of equity method investments	13.1	16.2	(3.1)
Dividend income	1.9	1.7	+0.2
Selling, general and administrative expenses	(27.2)	(27.8)	+0.6
Others	(7.7)	(7.4)	(0.3)

• Others include the following factor:

- For the previous year, a one-time gain of ¥5.9 billion was recorded due to the sale of land of an affiliated company.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	183.3	167.2	+16.1
Gross profit	226.0	175.6	+50.4
Profit (loss) of equity method investments	59.2	59.3	(0.1)
Dividend income	25.2	20.9	+4.3
Selling, general and administrative expenses	(41.6)	(32.3)	(9.3)
Others	(85.5)	(56.3)	(29.2)

• Gross profit increased mainly due to the following factors:

- Iron ore mining operations in Australia reported an increase of ¥68.5 billion mainly due to higher iron ore sales prices.
- Coal mining operations in Australia reported a decrease of ¥17.0 billion mainly due to lower coal sales prices.

• Profit (loss) of equity method investments declined mainly due to the following factors:

- An impairment loss of ¥5.1 billion was recorded for Nacala Corridor rail & port infrastructure business in Mozambique, reflecting the revisions to our various assumptions for the current period.
- Coal mining operations in Australia reported a decrease of profit mainly due to lower coal sales prices.
- Iron ore mining operations in Australia reported an increase of ¥14.2 billion mainly due to higher iron ore sales prices.

• Dividend income increased mainly due to higher dividends from iron ore mining operations in Australia.

• Selling, general and administrative expenses increased mainly due to the following factor:

- For the current year, an impairment loss of ¥9.8 billion for doubtful debt was posted, reflecting the revisions to our various assumptions regarding the Moatize mine business in Mozambique.

• In addition to the above, the following factors also affected results:

- For the current year, iron ore mining operations in Australia reported a decrease of profit amounting to ¥26.8 billion mainly due to the increase of income tax caused by gross profit increase.
- For the previous year, coal mining operations in Australia reported a gain on the sales of fixed assets of Bengalla Joint Venture.

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

For the year ending March 31, 2021, a change of US\$1 per ton in the iron ore price is estimated to have an effect of ¥2.2 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our iron ore mining operations.

For the year ended March 31, 2020, the equity share of production amounted to 57.8 million tons of iron ore (including 16.9 million tons of Vale S.A. which is non-consolidated related company). The above-mentioned effect of a change of US\$1 per ton is calculated based on the assumptions of an estimated increase or decrease in shipments in the year ending March 31, 2021, in line with our holdings through our iron ore mining operations after the year ended March 31, 2020, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. As the value of natural resource producing countries' currencies, such as the Australian dollar, generally trends to be highly correlated to the market prices of those countries' products, the change in the currencies may impact the local currency denominated revenues of our overseas subsidiaries and equity accounted investees.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	59.7	95.7	(36.0)
Gross profit	141.5	134.0	+7.5
Profit (loss) of equity method investments	45.9	40.3	+5.6
Dividend income	52.7	65.2	(12.5)
Selling, general and administrative expenses	(43.4)	(45.1)	+1.7
Others	(137.0)	(98.7)	(38.3)

- Gross profit increased mainly due to the following factors:
 - Business division at the Headquarters reported an increase due to good performance in the LNG trading business.
 - Mitsui & Co. Energy Trading Singapore Pte. Ltd. reported an increase of ¥5.9 billion mainly due to good performance in the oil trading business.
 - MEP Texas Holdings LLC reported a decrease of ¥4.5 billion mainly due to lower oil and gas prices.
 - Mitsui E&P Middle East B.V. reported a decrease of ¥3.7 billion mainly due to higher costs.
 - Mitsui E&P USA LLC reported a decrease of ¥3.1 billion mainly due to lower gas prices.
- Profit of equity method investment increased mainly due to the following factors:
 - Mitsui E&P Mozambique Area 1 Limited reported an increase of ¥11.2 billion mainly due to the recognition of deferred tax assets in accordance with the final investment decision for the project.
 - Japan Arctic LNG B.V. recorded an increase of ¥4.1 billion mainly due to evaluation gains on changes in oil price, FX and others.
 - Japan Australia LNG (MIMI) Pty. Ltd. reported a decrease due to lower oil and gas prices.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥50.3 billion in total, a decrease of ¥13.1 billion from the previous year.
- In addition to the above, the following factors also affected results:
 - For the current year, mainly due to the fall in oil price, Mitsui E&P Australia Pty Limited recorded an impairment loss of ¥31.2 billion for its Greater Enfield project located in offshore Western Australia, MEP Texas Holdings LLC recorded an impairment loss of ¥23.4 billion for its Eagle Ford shale oil and gas business, Mitsui E&P Italia A S.r.l. recorded an impairment loss of ¥13.9 billion for its Tempa Rossa project, a subsidiary of Mitsui Oil Exploration Co., Ltd. recorded an impairment loss of ¥4.3 billion for its offshore project in the Gulf of Mexico.
 - For the current year, exploration expenses of ¥7.2 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous year, exploration expenses of ¥6.3 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.
 - For the previous year, mainly due to changes in the development plan, MEP Texas Holdings LLC recorded an impairment loss of ¥11.6 billion for its Eagle Ford shale oil and gas business.

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

For the year ending March 31, 2021, a change of US\$1 per barrel in crude oil prices is estimated to have an effect of ¥3.2 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our upstream oil and

gas businesses. We do not disclose our equity share of production amount in accordance with the U.S. Securities and Exchange Commission standards.

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

Our equity share of production amount of oil and gas for the year ended March 31, 2019 was 252 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil, includes equity share of interests of consolidated subsidiaries, equity accounted investees and non-consolidated interests), and the latest estimate of the equity share of production for the year ended March 31, 2020 was 259 million barrels (same as above conversion).

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	87.5	78.4	+9.1
Gross profit	134.2	130.7	+3.5
Profit (loss) of equity method investments	87.7	87.5	+0.2
Dividend income	5.1	5.8	(0.7)
Selling, general and administrative expenses	(134.4)	(123.4)	(11.0)
Others	(5.1)	(22.2)	+17.1

- Gross profit increased mainly due to the following factors:
 - For the current year, PT. Bussan Auto Finance recorded an increase of ¥4.6 billion due to good sales in motorcycle and car financing business.
 - For the current year, gross profit was recorded in newly consolidated subsidiary related to overseas rail business.
- Profit of equity method investments increased mainly due to the following factors:
 - For the previous year, a loss was recorded at an equity accounted investee due to its overseas rail project.
 - For the current year, a gain was recorded at investments of the IPP project in Indonesia mainly due to the review of the calculation of the deferred tax liability.
 - For the current year, investments in gas distribution companies in Brazil recorded an increase reflecting the refund of service tax payments through arbitrations.
 - For the current year, a gain was recorded at an automobile company in Canada due to good sales results.
 - For the current year, FPSO/FSO leasing companies recorded a decrease of ¥5.4 billion reflecting refinancing and other costs.
 - For the current year, a loss was recorded at investments in offshore supporting vessels mainly due to impairment of assets.
 - For the current year, a loss of ¥3.7 billion was recorded at VLI S.A., an integrated freight transportation company in Brazil mainly due to change of the accounting principle.
 - For the previous year, deferred tax assets were recorded at an equity accounted investee due to the change of the investment structure in the IPP(Independent Power Plant) business.
- Selling, general and administrative expenses increased due to the following factors:
 - For the current year, PT. Bussan Auto Finance recorded an increase of ¥6.3 billion due to an increase of provision for doubtful receivables in motorcycle and car financing business.
 - For the current year, selling, general and administrative expenses were recorded in newly consolidated subsidiary related to overseas rail business.
- In addition to the above, the following factor also affected the results:
 - For the current year, a gain on sale of IPP business in North America was recorded.
 - For the current year, Mitsui Bussan Aerospace Co., Ltd. reported an other income and expense of ¥4.0 billion mainly due to insurance proceeds.
 - For the current year, an impairment loss on fixed assets was recorded in overseas rail project.
 - For the previous year, deferred tax assets were recorded at a holding company due to the change of the investment structure in the IPP business.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	22.3	5.2	+17.1
Gross profit	116.8	148.0	(31.2)
Profit (loss) of equity method investments	11.5	14.3	(2.8)
Dividend income	2.7	2.8	(0.1)
Selling, general and administrative expenses	(101.9)	(105.0)	+3.1
Others	(6.8)	(54.9)	+48.1

- Gross profit decreased mainly due to the following factors:
 - A decline of ¥7.6 billion was recorded mainly due to price drop of methanol in MMTX Inc.
 - A decline of ¥6.8 billion was recorded mainly due to price drop of main products in Novus International, Inc.
 - Decline was recorded in Intercontinental Terminals Company LLC mainly due to the accidental incident.
- Others include the following factors:
 - For the previous year, Intercontinental Terminals Company LLC recorded other expenses of ¥20.6 billion due to the fire.
 - For the previous year, Novus International, Inc. reported a loss of ¥14.0 billion as a result of reassessing projects to increase production capacity of methionine due to the increase of the project cost.
 - For the current year, insurance proceeds were recorded in the business in North America.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	32.0	36.3	(4.3)
Gross profit	134.9	141.8	(6.9)
Profit (loss) of equity method investments	35.0	26.4	+8.6
Dividend income	4.2	5.1	(0.9)
Selling, general and administrative expenses	(139.3)	(136.7)	(2.6)
Others	(2.8)	(0.3)	(2.5)

- Gross profit decreased mainly due to the following factor:
 - For the current year, a ¥2.4 billion loss was recorded in the valuation of fair value mainly due to suspension of drug development in the drug development fund invested through MBK Pharma Partnering Inc.
- Profit (loss) of equity method investments increased mainly due to the following factors:
 - For the current year, International Columbia U.S. LLC divested Columbia Asia Healthcare Pte. Ltd. and capital gain of ¥13.0 billion from this transaction was recorded.
 - For the current year, a profit under the equity method from IHH Healthcare Berhad increased by ¥3.0 billion due to the additional share acquisition.
- In addition to the above, the following factors also affected results:
 - For the current year, an impairment loss on fixed assets of ¥14.0 billion was recorded due to a decline of the fair value of its farmland and others, mainly caused by a depreciation of the Brazilian real against the U.S. dollar in XINGU AGRICULTURE AG conducting a production business of agricultural products in Brazil.
 - For the current year, an impairment loss of fixed assets of ¥6.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation, which conducts healthcare staffing in the U.S.
 - For the current year, there was a ¥12.5 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
 - For the current year, a capital gain from the sales of Sogo Medical Holdings Co., Ltd. and the reversal of deferred tax liability for the retained earnings, totaling ¥8.7 billion were recorded.
 - For the current year, Mitsui & Co. Foresight Ltd. recorded a gain on the sales of property management business.
 - For the current year, a gain from the partial sale and deconsolidation of RareJob, Inc. was recorded.

- For the previous year, Multigrain Trading AG recorded a gain of ¥11.6 billion on reversal of the provision for the withdrawal from business.
- For the previous year, a ¥7.5 billion profit was recorded due to the change in the profit share in IHH Healthcare Berhad following the increase in the number of outstanding shares.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	14.6	22.0	(7.4)
Gross profit	60.1	78.6	(18.5)
Profit (loss) of equity method investments	17.0	13.1	+3.9
Dividend income	3.3	3.1	+0.2
Selling, general and administrative expenses	(64.5)	(64.5)	0
Others	(1.3)	(8.3)	+7.0

- Gross profit declined mainly due to the following factors:
 - For the previous year, a ¥3.0 billion gain was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while a ¥6.5 billion loss was recorded due to the valuation of fair value on shares for the current year.
 - A decline of ¥5.2 billion was recorded mainly due to the gain on the valuation and sales of the shares in Mercari, Inc., for the previous year.
 - A decline of ¥3.7 billion was recorded mainly due to the gain on the valuation of fair value on an IoT related company recorded for the previous year as well as the loss recorded for the current year.
- Others includes the following factors:
 - For the current year, a gain on the sales of equity stake in real estate business in Singapore was recorded.
 - For the current year, a valuation profit on the derivative of ¥4.4 billion was recorded in related to a put option of an investment.
 - For the previous year, a gain on the sales of real estate in Japan was recorded.

(5) Liquidity and Capital Resources

Use of Non-GAAP Financial Measures

Net Debt-to-Equity Ratio

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

We define “net interest-bearing debt” as follows:

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

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

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

	As of March 31, 2020	As of March 31, 2019
	(Billions of Yen)	(Billions of Yen)
Short-term debt	297.5	337.0
Long-term debt	4,629.1	4,288.4
Total debt	4,926.6	4,625.5
Less lease debt	(376.1)	(67.1)
Interest bearing debt (*)	4,550.5	4,558.3
Less cash and cash equivalents and time deposits	(1,063.8)	(966.3)
Net interest bearing debt	3,486.7	3,592.0
Total equity attributable to owners of the parent	3,817.7	4,263.2
Net DER (times)	0.91	0.84

(*) Since current period, Interest-bearing debt is calculated by excluding lease liability from short-term debt and long-term debt. As a result of this change, the Net Interest-bearing Debt at March 31, 2019 has been restated.

Free Cash Flow after Shareholder Returns

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

1) Funding and Treasury Policies

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

In principle, wholly owned subsidiaries procure funds not from financial institutions, but by utilizing the internal Cash Management Service, in which they can procure financing from financing subsidiaries and overseas offices of the Company. Through this service, centralization of fund raising, the efficient use of fund and securement of liquidity are promoted. As a result, approximately four fifths of total interest-bearing debt on a consolidated basis as of March 31, 2020 was raised by Mitsui and the above-mentioned financing subsidiaries.

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

2) Funding Sources

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

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

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥200 billion debt shelf-registration, a ¥2,400 billion commercial paper program in Japan, and Euro medium-term note ("MTN") program of US\$5 billion, and utilizes the method among these that is favorable depending on the financial situation. Outstanding domestic bonds under shelf-registration and notes under the MTN program as of March 31, 2020 were ¥210 billion and ¥26.1 billion, respectively. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US\$1.5 billion U.S. domestic commercial paper program, Mitsui & Co. Financial Services (Europe) Ltd. also has a US\$1.5 billion Euro commercial paper program, and there are similar commercial paper programs in certain other overseas markets and these programs are utilized where appropriate. However, we maintain the principal strategy of carrying out long-term and stable fund procurement, and we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of short-term debt to total debt on a consolidated basis was 6.0% as of March 31, 2020.

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

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

Credit Ratings

To facilitate smooth fund raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. (“R&I”), Moody’s Japan K.K. (“Moody’s”) and Standard & Poor’s Ratings Japan K.K. (“S&P”). The ratings as of May 31, 2020 were as follows:

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

(*) The terminology used at Moody’s is “Long-Term Obligation Ratings (senior unsecured).”

(**) The terminology used at S&P is “Short-Term Issuer Credit Ratings.”

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

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

3) Liquidity Management

Cash and cash equivalents were ¥1,058.7 billion as of March 31, 2020. Approximately half of cash and cash equivalents are denominated in Japanese yen and our management recognizes that cash and cash equivalents as of March 31, 2020 satisfy the liquidity requirements for the repayment of short-term debt (¥297.5 billion) and current maturities of Long-term Interest-bearing debt (¥355.7 billion). We calculate Long-term Interest-bearing debt by subtracting lease debt from long-term debt.

During the year ended March 31, 2020 under review, while the global economy was continuing to exhibit sluggishness, particularly in the manufacturing sector, due to trade friction between the U.S. and China and other factors, it sharply deteriorated due to the effect of the novel coronavirus (COVID-19), whose infections have been spreading globally. Under such circumstances, we steadily procured necessary funds in accordance with our basic funding policy by utilizing our good long-term relationship with financial institutions, various measures implemented by public financing agencies, and debt shelf-registration. The global economy is expected to begin recovering in the second half of 2020. Although it is necessary to be cautious of an adverse effect of on the economy overall if the spread of COVID-19 persists, provided that COVID-19 gets under control, the large-scale budgetary expansion and monetary easing of the various countries are expected to boost recovery. Thus, we consider it necessary to continue to closely monitor the prospects for liquidity.

As a result, our interest-bearing debt outstanding as of March 31, 2020, totaled ¥4,550.5 billion, a decrease of ¥7.8 billion from the previous fiscal year-end, and the proportion of long-term interest-bearing debt to total interest-bearing debt on a consolidated basis was 93.0%. Subordinated syndicated loans accounted for ¥555.0 billion of the interest-bearing debt. Rating agencies treat 50% of this balance, or ¥277.5 billion, as equity. The maturity profile of our outstanding Long-term Interest-bearing debt as of March 31, 2020 was as follows. For the details of the long-term debt and interest rate structure of our outstanding debt as of March 31, 2020, see Note 15, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Year ending March 31:	2021	2022	2023	2024	2025	Thereafter	Total
Billions of Yen	355.7	371.9	303.2	464.5	405.0	2,352.8	4,253.1

Total equity attributable to owners of the parent as of March 31, 2020 was ¥3,817.7 billion, a decrease of ¥445.5 billion from March 31, 2019. Also, net interest-bearing debt was ¥3,486.7 billion, a decrease of ¥105.3 billion, and as a result, the Net DER increased to 0.91 times as of March 31, 2020 from 0.84 times as of March 31, 2019.

The ratio of current assets to current liabilities, which was 145.8% as of March 31, 2019, was 152.7% as of March 31, 2020.

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

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

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

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

We plan to contribute ¥7.9 billion to our defined-benefit pension plans for the year ending March 31, 2021.

4) Investments and Loans, Financial Policies

Core operating cash flow for the fiscal year ended March 31, 2020 was approximately ¥620.0 billion. Combined with approximately ¥250.0 billion obtained from progress in asset recycling, this produced cash-in of approximately ¥870.0 billion. Investment and Loans (*) totaled approximately ¥420.0 billion, influenced by factors such as the integrated development project in the 2, Otemachi 1-Chome District. With the addition of approximately ¥200.0 billion in shareholder returns, free cash flow (**) after shareholder returns was approximately positive ¥250.0 billion. Looking ahead, we will continue to employ strict investment discipline, pursuing a balanced allocation of cash to realize medium- to long-term growth while also strengthening our financial base. See “(6) Cash Flows,” for further description of cash flows for the year ended March 31, 2020.

(*) Investments and loans based on investing cash flows excluding an increase or decrease of time deposits.

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

From fiscal year ended March 2019, cash flow of some lease transactions, which had previously been recorded as changes in working capital, are recorded as investment cash flow. Free cash flow for fiscal year ended March 2019 excludes the effects of this treatment.

(Unit: ¥billion)

		Medium-term Management Plan 3-year cumulative forecast (Announced Feb. 2020)	FY18/3-19/3 total (a)	FY20/3 result (b)	Medium-term Management Plan 3-year cumulative result (a) + (b)
Cash- In	Core Operating Cash Flow*1...①	1,840.0*2	1,240.0	620.0*2	1,860.0*2
	Asset Recycling...②	750.0	530.0	250.0	780.0
Cash- Out	Investment and Loans...③	-2,000.0	-1,490.0	-420.0	-1,910.0
	Of which, core areas (includes overlaps with growth areas)	-	-870.0 (-170.0)	-285.0 (-20.0)	-1,155.0 (-190.0)
	Of which, growth areas (included overlaps with core areas)	-	-670.0 (-170.0)	-90.0 (-20.0)	-760.0 (-190.0)
	Of which, Others	-	-120.0	-65.0	-185.0
	Shareholder Returns (incl. additional returns)...④	-500.0	-310.0	-200.0*3	-510.0
Free cash flow*4 after shareholder returns ...①+②+③+④		90.0*2	-30.0	250.0*2	220.0*2

*1. Cash flow from operating activities minus cash flow from changes in working capital

*2. Includes ¥50bn increase in operating cash flow associated with the adoption of IFRS 16 “Leases”

*3. Includes share buyback of approx. ¥60bn

*4. Free cash flow excludes the effects of changes in working capital and time deposits

From FY Mar/2019, cash flows of some lease transactions, which had previously been recorded as working capital, are recorded as investment cash flow and have been excluded from the table above

For the details of the cumulative result of cash flow allocations for the three years of the previous Medium-term Management Plan, see “1. Management Policies, Operating Environment, and Management Issues, (1) Review of the Previous Medium-term Management Plan, 2) Achievements of the previous Medium-term Management Plan”. For the details of the forecast for cash flow allocation for the new Medium-term Management Plan, see “1. Management Policies, Operating Environment, and Management Issues, (4) New Medium-term Management Plan, 3) Six Corporate Strategies, (ii) Evolve Financial Strategy and Portfolio Management”. For the details of refinancing, see “1) Funding and Treasury Policies” and “2) Funding Sources.”

5) Assets, Liabilities and Shareholders' Equity

(Billions of yen)	March 31, 2020	March 31, 2019	Change
Total Assets	11,806.3	11,945.8	(139.5)
Current Assets	4,124.4	3,996.3	+128.1
Non-current Assets	7,681.9	7,949.5	(267.6)
Current Liabilities	2,701.1	2,740.3	(39.2)
Non-current Liabilities	5,044.3	4,675.2	+369.1
Total Equity Attributable to Owners of the Parent	3,817.7	4,263.2	(445.5)

Assets

Current Assets:

- Cash and cash equivalents increased by ¥102.6 billion.
- Trade and other receivables declined by ¥181.7 billion, mainly due to declines in trading volume in the Chemical Segment, the Mineral & Metal Resources Segment, and the Lifestyle Segment.
- Other financial assets increased by ¥308.4 billion, mainly due to increases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.
- Inventories declined by ¥53.8 billion, mainly due to declines in trading volume in the Chemical Segment, the Energy Segment, and the Machinery & Infrastructure Segment.
- Advance payments to suppliers declined by ¥52.5 billion, mainly due to declines in trading volume in the Machinery & Infrastructure Segment.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥94.7 billion, mainly due to the following factors:
 - A decline of ¥166.7 billion resulting from foreign currency exchange fluctuations;
 - A decline of ¥20.9 billion due to a sale of partial operation in International Columbia U.S. LLC, the holding company for Asia's largest hospital group for middle-income patients;
 - A decline of ¥13.9 billion due to a sale of logistics facilities development business in China;
 - A decline of ¥12.3 billion due to a sale of shares in Sogo Medical Holdings Co., Ltd.;
 - A decline due to a fair value valuation of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG;
 - An increase of ¥36.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited's company category to investments accounted for using the equity method;
 - An increase due to an acquisition of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
 - An increase of ¥16.9 billion due to an investment in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam;
 - An increase of ¥15.8 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project; and
 - An increase of ¥269.2 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥208.2 billion due to dividends received from equity accounted investees.

The following table shows the details of Investments accounted for using the equity method as of March 31, 2020 and 2019 by operating segment.

	Billions of Yen		
	As of March 31,		Change
	2020	2019	
Iron & Steel Products	249.2	255.1	(5.9)
Mineral & Metal Resources	388.4	428.7	(40.3)
Energy	345.7	272.8	+72.9
Machinery & Infrastructure	899.1	975.9	(76.8)
Chemicals	165.1	170.0	(4.9)
Lifestyle	613.3	646.5	(33.2)
Innovation & Corporate Development	210.7	220.8	(10.1)
All Other and Adjustments and Eliminations	9.5	5.9	+3.6
Consolidated Total	2,881.0	2,975.7	(94.7)

- Other investments declined by ¥463.2 billion, mainly due to the following factors:
 - Mainly due to lower share prices, fair value on financial assets measured at FVTOCI and FVTPL declined by ¥375.1 billion and ¥12.7 billion, respectively;
 - A decline of ¥44.8 billion mainly due to a partial sale of investment in Recruit Holdings Co., Ltd.; and
 - A decline of ¥10.3 billion resulting from foreign currency exchange fluctuations.
- Property, plant and equipment increased by ¥176.0 billion, mainly due to the following factors:
 - An increase of ¥257.6 billion corresponding to adoption of IFRS 16 “Leases”;
 - An increase of ¥57.1 billion corresponding to time charter parties of LNG ships for Cameron LNG Export Project in the U.S.;
 - An increase of ¥54.4 billion for the integrated development project in the 2, Otemachi 1-Chome District;
 - An increase of ¥19.7 billion (including foreign exchange translation loss of ¥0.3 billion) at the distributed power project in the U.S.;
 - An increase of ¥12.3 billion (including foreign exchange translation loss of ¥3.2 billion) at railroad rolling stock related leasing business in Europe;
 - An increase of ¥10.2 billion (including foreign exchange translation loss of ¥1.6 billion) at sugar manufacturing business in Thailand;
 - A decline of ¥46.4 billion mainly due to a deterioration of fixed assets at Mitsui E&P Australia Pty Limited (including foreign exchange translation loss of ¥15.2 billion) at the oil and gas projects other than the U.S. shale gas and oil projects;
 - A decline of ¥38.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited’s company category to investments accounted for using the equity method;
 - A decline of ¥36.5 billion (including foreign exchange translation loss of ¥50.8 billion) at iron ore mining operations in Australia; and
 - A decline of ¥33.2 billion mainly due to a deterioration of fixed assets at MEP Texas Holdings LLC (including foreign exchange translation loss of ¥2.5 billion) at the U.S. shale gas and oil projects.

The following table shows the details of property, plant and equipment as of March 31, 2020 and 2019 by operating segment.

	Billions of Yen		
	As of March 31,		Change
	2020	2019	
Iron & Steel Products	10.0	9.2	+0.8
Mineral & Metal Resources	327.6	365.8	(38.2)
Energy	781.0	731.5	+49.5
Machinery & Infrastructure	279.1	246.8	+32.3
Chemicals	212.4	215.0	(2.6)
Lifestyle	204.4	162.0	+42.4
Innovation & Corporate Development	118.4	106.6	+11.8
All Other and Adjustments and Eliminations	188.5	108.5	+80.0
Consolidated Total	2,121.4	1,945.4	+176.0

The following table shows the details for the categories of property, plant and equipment leased to others as of March 31, 2020 and 2019.

	Billions of Yen	
	As of March 31,	
	2020	2019
Real estate	147.6	133.9
Ships and aircraft	85.3	95.0
Rolling stock, equipment and others	95.3	73.0
Consolidated Total	328.2	301.9

- Investment property increased by ¥48.7 billion, mainly due to an increase of ¥38.8 billion for the integrated development project in the 2, Otemachi 1-Chome District.
- Intangible assets increased by ¥21.2 billion, mainly due to the following factors:
 - An increase of ¥44.5 billion for the Brazilian rail business restructuring; and
 - A decline of ¥14.3 billion mainly due to a deterioration of goodwill at Mitsui E&P Italia A S.r.l.

Liabilities

Current Liabilities:

- Short-term debt declined by ¥39.5 billion. Furthermore, the current portion of long-term debt declined by ¥79.5 billion, mainly due to repayment of debt, despite reclassification to current maturities.
- Trade and other payables declined by ¥185.8 billion, corresponding to the declines in trade and other receivables.
- Other financial liabilities increased by ¥348.5 billion, corresponding to the increases in other financial assets and mainly due to an increase of account payable-other with the completion of construction at the integrated development project in the 2, Otemachi 1-Chome District.
- Advances from customers declined by ¥68.2 billion, corresponding to the declines in advance payments to suppliers.

Non-current Liabilities:

- Long-term debt, less the current portion, increased by ¥420.1 billion, mainly due to adoption of IFRS 16 “Leases”.
- Deferred tax liabilities declined by ¥86.8 billion, mainly due to the declines in financial assets measured at FVTOCI.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥283.6 billion.
- Other components of equity declined by ¥687.2 billion, mainly due to the following factors:
 - Financial assets measured at FVTOCI declined by ¥349.0 billion, mainly due to lower share prices; and

- Foreign currency translation adjustments declined by ¥301.6 billion, mainly reflecting the appreciation of the Japanese yen against the Australian dollar and the Brazilian real.
- Treasury stock, which is a subtraction item in shareholders' equity, increased by ¥57.5 billion, mainly due to share buy-back.

6) Cash Flows

(Billions of yen)	Current Year	Previous Year	Change
Cash flows from operating activities	526.4	410.7	+115.7
Cash flows from investing activities	(185.2)	(719.0)	+533.8
Free cash flow	341.2	(308.3)	+649.5
Cash flows from financing activities	(204.6)	127.4	(332.0)
Effect of exchange rate changes on cash and cash equivalents etc.	(34.0)	5.6	(39.6)
Change in cash and cash equivalents	102.6	(175.3)	+277.9

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	526.4	410.7	+115.7
Cash flows from change in working capital	b	(95.5)	(159.8)	+64.3
Core operating cash flow	a-b	621.9	570.5	+51.4

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥95.5 billion of net cash outflow. Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current year amounted to ¥621.9 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥299.2 billion, a decline of ¥19.5 billion from ¥318.7 billion for the previous year.
 - Depreciation and amortization for the current year was ¥256.1 billion, an increase of ¥69.8 billion from ¥186.3 billion for the previous year.

The following table shows core operating cash flow by operating segment.

(Billions of Yen)	Current Year	Previous Year	Change
Iron & Steel Products	2.6	5.9	(3.3)
Mineral & Metal Resources	244.8	181.5	+63.3
Energy	221.0	219.1	+1.9
Machinery & Infrastructure	95.2	74.0	+21.2
Chemicals	38.3	31.0	+7.3
Lifestyle	37.3	24.7	+12.6
Innovation & Corporate Development	8.6	19.8	(11.2)
All Other and Adjustments and Eliminations	(25.9)	14.5	(40.4)
Consolidated Total	621.9	570.5	+51.4

Cash Flows from Investing Activities

- Net cash inflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥9.1 billion, mainly due to the following factors:
 - A sale of partial operation in International Columbia U.S. LLC, the holding company for Asia's largest hospital group for middle-income patients, for ¥23.8 billion;
 - A sale of shares in Sogo Medical Holdings Co., Ltd., for ¥19.5 billion;
 - A sale of logistics facilities development business in China, for ¥18.3 billion;
 - A sale of investment in C2C LP, power wind & solar power generation portfolio in Canada, for ¥16.8 billion;
 - An acquisition of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
 - An investment in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam, for ¥16.9 billion; and
 - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥15.8 billion.
- Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥70.7 billion, mainly due to a partial sale of investment in Recruit Holdings Co., Ltd., for ¥44.8 billion.
- Net cash inflows that corresponded to increase in loan receivables (net of collections of loan receivables) were ¥0.7 billion, mainly due to the execution of loans to the IPP project in Middle East for ¥17.8 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥253.1 billion, mainly due to the following factors:
 - An expenditure for the oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥62.9 billion;
 - An expenditure for iron ore mining operations in Australia for ¥34.0 billion;
 - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥25.3 billion;
 - An expenditure for coal mining operations in Australia for ¥18.4 billion;
 - An expenditure for the distributed power project in the U.S. for ¥17.7 billion;
 - An expenditure for railroad rolling stock related leasing business in Europe for ¥16.9 billion;
 - An expenditure for sugar manufacturing business in Thailand for ¥13.0 billion; and
 - An expenditure for tank operation in the U.S. for ¥12.4 billion.

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

	Billions of Yen	
	Current Year	Previous Year
Iron & Steel Products	7.5	62.0
Mineral & Metal Resources	(50.0)	2.3
Energy	(102.8)	(171.7)
Machinery & Infrastructure	(50.0)	(157.2)
Chemicals	(15.3)	(81.5)
Lifestyle	47.7	(254.1)
Innovation & Corporate Development	0.1	(68.4)
All Other and Adjustments and Eliminations	(22.4)	(50.4)
Consolidated Total	(185.2)	(719.0)

Cash Flows from Financing Activities

- Net cash outflows from net change in short-term debt were ¥27.2 billion and net cash inflows from net change in long-term debt were ¥27.5 billion.
- The cash outflow from the purchases of treasury stock was ¥58.1 billion.
- The cash outflow from payments of cash dividends was ¥139.1 billion.

See “2) Funding Sources” for funding during the year ended March 31, 2020.

(6) Critical Accounting Policies and Estimates

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

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We expect the impact of the spread of COVID-19 will recover from the latter half of the fiscal year ending March 2021, however, situation varies among products, businesses, and locations. The estimates are determined based on each situation.

The following items require significant management judgments and estimates.

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

Impairment losses of tangible fixed assets and intangible assets other than goodwill and intangible assets with infinite estimated useful lives, for the years ended March 31, 2020 and 2019, were ¥90.4 billion and ¥27.3 billion, respectively. There was no reversal of impairment losses of the assets for the year ended March 31, 2020. Reversal of impairment losses of the assets for the year ended March 31, 2019, was ¥2.7 billion. The carrying amounts of these assets, net of accumulated depreciation and impairment losses, as of March 31, 2020 and 2019, were ¥2,508.2 billion and ¥2,236.5 billion, respectively.

The amount of impairment losses of investments in equity accounted investees for the years ended March 31, 2020 and 2019, were ¥5.6 billion and ¥4.5 billion, respectively. There were no reversal of impairment losses of the assets for the year ended March 31, 2020 and 2019. The carrying amounts of investments in equity accounted investees as of March 31, 2020 and 2019, were ¥2,881.0 billion and ¥2,975.7 billion, respectively.

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

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

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

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

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

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

- that the level of most recent selling prices and rents of real estate in the surrounding areas will remain unchanged for a reasonable period in the future;
- that the estimate of the sales prices of the products from facilities and equipment for the certain future period is based on the average price of the equivalent length of period in the past or on the analysts' reports;
- that for the development equipment and mining rights involved in resource businesses such as coal and oil, the most updated reserve will be produced in accordance with a production plan by using the non-financial assets, and that such

materials to be produced will be sold on the assumption of prices based on futures prices as of the time of the review for impairment, prices estimated by third parties, or sales prices under long-term sales contracts. See the description of impairment losses in Note 11, “PROPERTY, PLANT AND EQUIPMENT”; and

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

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

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

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

Impairment of Goodwill

Impairment losses on goodwill for the year ended March 31, 2020 and 2019 were ¥20.4 billion and ¥3.5 billion, respectively. The carrying amounts as of March 31, 2020 and 2019 were ¥52.7 billion and ¥78.6 billion, respectively.

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

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

Non-marketable equity financial assets measured at fair value

Non-marketable equity securities measured at fair value are generally elected to be designated as FVTOCI. The carrying amounts of non-marketable securities which are the fair value as of the year ended March 31, 2020 and 2019 were ¥671.4 billion and ¥762.9 billion, respectively.

The company performs internal valuation analyses using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques, or utilizes external valuation performed by independent external experts when management believes the amounts are material.

See (3) Assets and liabilities measured at fair value on a recurring basis in Note 24, “FAIR VALUE MEASUREMENT” for the estimate of crude oil price which is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities.

Similar to impairment of non-financial assets and investments in equity accounted investee, cash flow projections used in the fair value calculations are based on business plans authorized by investee’s management. Estimates and assumptions for fair value calculations could significantly impact other comprehensive income.

Tax Asset Valuation

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

Our management determines the recoverability of deferred tax assets based on all available evidence including tax deductibility on future years and forecast of future taxable incomes of Mitsui and its subsidiaries. Deferred tax assets are

recognized to the extent that they are recoverable, and the amount of recoverable deferred tax assets may fluctuate due to the change in estimates of future taxable incomes or statutory tax rates.

Reserve estimates for oil and gas producing and mining activities

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

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

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

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

Defined benefit costs and obligations

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

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

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

4. Material Contracts

There are no contracts for which disclosure is required.

5. Research & Development

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

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2020, see “3. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 6, “SEGMENT INFORMATION.”

Expenditures for property, plant, equipment and investment property for the year ended March 31, 2020 mainly included expenditures for the oil and gas projects of ¥62.9 billion in the Energy Segment, and expenditures for the iron ore mining operations in Australia of ¥34.0 billion and for the coal mining operations in Australia of ¥18.4 billion in the Mineral & Metal Resources Segment.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy		Long-term charter (lease)	Chiyoda-ku, Tokyo	-	-	-	-	7	166,993	
Innovation & Corporate Development		Multi-purpose office complex	Chiyoda-ku, Tokyo	-	-	-	-	-	99,439	
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,381	6,390	30,462	65,483	429	7,751	Rent:¥7,714 mil/year
	Kansai Office	Office building	Kita-ku, Osaka-shi, Osaka	88	3,038	2,161	6,435	-	-	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi, Aichi	44	1,525	548	716	-	20	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	-	15,655	2,045	827	-	4	
		Global Human Resource Development Center	Tsuzuki-ku, Yokohama-shi, Kanagawa	-	15,000	2,417	883	-	-	

(Notes) 1. For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.

2. For the number of employees, the total number in each company or office is presented.

3. For the carrying amount of Mitsui & Co., Ltd., the amount of the equipment and facilities is presented. For the carrying amount of domestic and overseas subsidiaries, the total amount in each company is presented.

4. For movables such as ships and aircraft, the location of each company’s head office is presented.

5. IFRS 16 “Leases” was adopted from April 1, 2019, and the amounts of rights-of-use assets are included in the amounts above.

(2) Domestic Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	172	108,693	7	1,853	90,122	42,244	Including mineral rights
Lifestyle	MITSUI FOODS CO., LTD.	Tokyo Metropolitan West Distribution Center	Midori-ku, Sagami-hara-shi, Kanagawa	1,116	28,146	11,667	22,590	3,265	2,888	Including investment property
	PRIFOODS CO., LTD.	Hosoya Factory and others	Misawa-shi, Aomori and others	1,728	110,975	3,482	9,650	9,159	1,195	
	Bussan Logistics Solutions Co., Ltd.	Saitama Daiichi Center and others	Asaka-shi, Saitama and others	670	9,540	4,036	15,361	2,113	44	
Innovation & Corporate Development	MITSUI & CO. REAL ESTATE LTD.	Hibiya Central Building and others	Minato-ku, Tokyo	43	-	-	40	26	44,751	Including investment property
	Mitsui & Co. Global Logistics, Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	648	60,364	15,361	14,212	1,222	8,548	Including investment property

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

(3) Overseas Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Mineral & Metal Resources	Mitsui Iron Ore Development Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	8	-	307	76,918	45,552	8,143	
	Mitsui Iron Ore Corporation Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	9	-	-	6,314	22,507	17,459	Including mineral rights
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	-	-	-	18,408	63,707	12,304	
	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	15	-	-	3,563	39,432	11,862	Including mineral rights

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Offshore Western Australia, Australia and others	43	-	-	-	74,144	37,936	Including mineral rights
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	24	-	-	15	24,741	1,656	Including mineral rights
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	36	-	-	-	70,820	8,857	Including mineral rights
	MEP Texas Holdings LLC	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	-	-	-	-	20,460	791	Including mineral rights
	Mitsui E&P Italia A S.r.l.	Crude oil / gas manufacturing facility and others	Basilicata, Italy	4	-	549	-	91,669	90,369	Including mineral rights
	AWE Pty Ltd.	Crude oil / gas manufacturing facility and others	Western Australia, Australia and others	9	46,690,500	654	-	4,723	35,069	Including mineral rights
Machinery & Infrastructure	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	116	-	-	610	82,065	920	Including property leased to others
	M&T Aviation Finance (Ireland) Limited	Aircraft	Dublin, Ireland	-	-	-	-	-	43,897	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	13	-	-	362	4	43,455	Including property leased to others
	MyPower Corp.	Solar power plant, gas fired power plant and others	New York, U.S.A.	67	-	-	-	19,831	14,686	
Chemicals	MMTX Inc.	Methanol production facility	Houston, Texas, U.S.A.	2	-	-	1,210	32,778	690	
	Inter-continental Terminals Company LLC	Chemical tank terminal	Deer Park, Texas, U.S.A.	416	1,067,953	3,533	98,451	563	2,150	Including property leased to others

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (㎡)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Lifestyle	Xingu Agri AG	Tabuleiro farm	Bahia, Brazil	459	970,725 (thousand ㎡)	26,676	2,294	2,989	17,654	Including investment property
	Kaset Phol Sugar Ltd.	Sugar production equipment	Udon Thani Province, Thailand	380	-	617	2,551	690	29,019	
Innovation & Corporate Development	MBK Real Estate LLC	Senior living and multi-family properties	Tucson, Arizona, U.S.A. and others	2,297	-	9,169	51,842	550	33,537	Including investment property

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

3. Plans for New Additions or Disposals

As indicated in “1. Overview of Capital Expenditures,” major capital expenditures include mineral resources and energy resources areas, and those areas are focused in the future.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

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

2) Number of Shares Issued

Class	Number of shares outstanding (as of March 31, 2020)	Number of shares outstanding as of issuance date of this report (June 19, 2020)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,742,684,906	1,716,720,206	Securities Exchanges in Tokyo, Nagoya, (both listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,742,684,906	1,716,720,206	-	-

(2) Status of the Share Subscription Rights

1) Stock Option Plans

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

i) Stock Option based on the resolution of the Board of Directors on July 4, 2014

(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 4, 2014	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)	
Number of subscription rights to shares	604	604
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	60,400 (Note 1)	60,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2017 to July 27, 2044	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

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

$$\begin{aligned} &\text{Number of shares granted after adjustment} \\ &= \text{Number of shares granted before adjustment} \times \text{Ratio of share split or share consolidation} \end{aligned}$$

2. Exercise of right by an heir

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

3. Conditions for exercise of subscription rights to shares
- (1) A holder of subscription rights to shares may no longer exercise the subscription rights to shares after a period of 10 years has elapsed from the day following the day on which the holder of subscription rights to shares loses his/her position as Director, and/or Executive Officer, and/or Audit & Supervisory Board Member of Mitsui.
 - (2) A holder of subscription rights to shares may exercise all of the subscription rights to shares only when, as the stock price conditions, Mitsui's stock price growth rate for the period of three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate, reflecting that degree, the holder of subscription rights to shares may exercise only part of such subscription rights to shares allotted (please refer to the below for details).
 - (3) Notwithstanding the exercise period of subscription rights to shares prescribed above, if a proposal for approval of a merger agreement under which Mitsui is to be dissolved, or a proposal for approval of a share exchange agreement or a share transfer plan, under which Mitsui will become a wholly-owned subsidiary is approved at an ordinary general meeting of shareholders of Mitsui, holders of subscription rights to shares may exercise offered subscription rights to shares within 15 days from the following day of the day on which such proposal for approval is approved, except where subscription rights to shares of a restructured company are to be issued to the holders of subscription rights to shares in accordance with Note 4 below.
 - (4) In the event that Mitsui recognizes any violation of laws and regulations, misconduct of the duties, act conflicting with the duty of due care or duty of loyalty, or any other act equivalent thereto of a holder of subscription rights to shares during the period in which he/she serves as Mitsui's Director, and/or Executive Officer, and/or Audit & Supervisory Board Member, Mitsui may limit, subject to a resolution by the Board of Directors of Mitsui, the number of subscription rights to shares that may be exercised by such holder of subscription rights to shares. In this event, such holder of subscription rights to shares may not exercise the subscription rights to shares more than the said limit.
4. If Mitsui is to engage in a merger (limited to cases where Mitsui is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases where Mitsui is to be a split company), or a share exchange or a share transfer (both limited to cases where Mitsui is to be a wholly-owned subsidiary) (all of which are collectively referred to as a "restructuring transaction"), subscription rights to shares in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act of Japan (such entity hereinafter referred to as the "restructured company") shall be issued, in accordance with the following conditions, to holders of subscription rights to shares who hold subscription rights to shares remaining in effect immediately prior to the effective date of the restructuring transaction (hereinafter respectively referring to the effective date of an absorption-type merger in case of an absorption-type merger, the date of formation of a new company incorporated by the merger in case of a consolidation-type merger, the effective date of an absorption-type company split in case of an absorption-type company split, the date of formation of a new company in case of an incorporation-type company split, the effective date of a share exchange in the case of a share exchange, and the date of formation of a wholly-owning parent company in case of a share transfer) (such rights hereinafter referred to as "remaining subscription rights to shares"). In this event, the remaining subscription rights to shares shall become extinct, and the restructured company shall newly issue subscription rights to shares. However, such rights may be granted only if provisions for issuing the subscription rights to shares of the restructured company in accordance with the following conditions are included in an absorption-merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.
- (1) The number of subscription rights to shares of the restructured company to be issued
The same number of subscription rights to shares as the number of remaining subscription rights to shares owned by respective holders of subscription rights to shares shall be issued.
 - (2) The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares
The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares shall be common shares of the restructured company.
 - (3) The number of shares of the restructured company to be issued upon exercise of subscription rights to shares
The number of shares of the restructured company to be issued upon exercise of subscription rights to shares shall be determined in accordance with the provisions in Note 1 above, taking into consideration the conditions and other factors concerning the restructuring transactions.
 - (4) The amount of assets to be contributed upon exercise of subscription rights to shares

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

(5) Exercise period of subscription rights to shares

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

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

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

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

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

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

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

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

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

Details of stock price conditions

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

2. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate:

Only part of the subscription rights to shares granted*3 may be exercised.

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

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

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

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

$$\text{Mitsui's stock price growth rate} = (A + B) / C$$

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

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

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

$$\text{TOPIX growth rate} = D / E$$

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

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

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 8, 2015	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)	
Number of subscription rights to shares	845	713
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	84,500 (Note 1)	71,300 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2018 to July 27, 2045	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

iii) Stock Option based on the resolution of the Board of Directors on July 13, 2016

(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 13, 2016	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 28 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	1,712	1,712
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	171,200 (Note 1)	171,200 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 29, 2019 to July 28, 2046	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

iv) Stock Option based on the resolution of the Board of Directors on July 5, 2017

(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 5, 2017	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 29 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	3,252	3,252
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	325,200 (Note 1)	325,200 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 20, 2020 to July 19, 2047	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

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

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 4, 2018	
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 29 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan, including retired Executive Officers to whom granting Stock options were withheld during their assignment outside Japan)	
Number of subscription rights to shares	2,491	2,491
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	249,100 (Note 1)	249,100 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 25, 2021 to July 24, 2048	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

vi) Stock Option based on the resolution of the Board of Directors on July 3, 2019

(Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2020	As of May 31, 2020
Date of resolution	July 3, 2019	
Class and number of person for subscription rights to shares	2 retired Managing Officers to whom granting Stock options were withheld during their assignment outside Japan	
Number of subscription rights to shares	284	284
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	28,400 (Note 1)	28,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 24, 2022 to July 23, 2049	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

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

2) Rights Plan

Not applicable.

3) Other Information about Share Subscription Rights

Not applicable.

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

Not applicable.

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

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2015 to March 31, 2016	-	1,796,514	-	341,481	-	367,758
From April 1, 2016 to March 31, 2017	-	1,796,514	-	341,481	-	367,758
From April 1, 2017 to March 31, 2018	-	1,796,514	-	341,481	-	367,758
From April 1, 2018 to March 31, 2019 (Note 1)	(54,168)	1,742,345	-	341,481	-	367,758
From April 1, 2019 to March 31, 2020 (Note 2)	339	1,742,684	293	341,775	293	368,052

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

(5) Status of Shareholders

As of March 31, 2020

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	-	254	51	2,318	875	314	286,259	290,071	-
Number of shares held (units)	-	6,683,841	807,078	731,155	5,091,596	7,110	4,095,719	17,416,499	1,035,006
Ratio (%)	-	38.37	4.63	4.19	29.23	0.04	23.51	100.00	-

- (Notes) 1. Regarding treasury stock of 35,154,469 shares, 351,544 units (35,154,400 shares) are included in “Individuals and other,” and 69 shares are included in “Shares under one unit.”
2. Regarding 1,715 shares registered in the name of Japan Securities Depository Center, Inc., 17 units (1,700 shares) are included in “Other corporations,” and 15 shares are included in “Shares under one unit.”

(6) Status of Major Shareholders

As of March 31, 2020

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	165,915	9.71
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	84,036	4.92
BNYM RE NORWEST/WELLS FARGO OMNIBUS (Standing agent: MUFG Bank, Ltd.)	NORWEST BANK GLOBAL CUSTODY 733, MARQUETTE AVE. SMAC N9306- 05C, MINNEAPOLIS, MN 55479- 0047, USA (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	72,698	4.25
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	38,380	2.24
Japan Trustee Services Bank, Ltd. (trust account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	35,257	2.06
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	2.05
JP MORGAN CHASE BANK 385151 (Standing agent: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	29,531	1.72
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	25,667	1.50
Japan Trustee Services Bank, Ltd. (trust account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	25,293	1.48
STATE STREET BANK WEST CLIENT — TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	1776, HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	24,422	1.43
Total	-	536,273	31.40

- (Notes) 1. In addition to the shares listed above, the Company holds treasury stock of 35,154 thousand shares.
The Percentage of common stock issued is calculated excluding treasury stock.
2. The number of shares is rounded down to the nearest thousand.
3. Percentage of common stock issued is rounded down to two decimal places.
4. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2020. Reports by large volume shareholders include portions held by joint holders.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Mizuho Bank, Ltd.	June 15, 2017	84,546,818	4.71
Mitsubishi UFJ Financial Group, Inc.	September 25, 2017	144,322,236	8.03
Mizuho Bank, Ltd.	September 29, 2017	92,121,763	5.13
Mitsubishi UFJ Financial Group, Inc.	December 11, 2017	126,340,243	7.03
BlackRock Japan Co., Ltd.	February 28, 2018	111,861,699	6.23
Sumitomo Mitsui Trust Bank, Ltd.	October 15, 2018	84,529,900	4.85
Mizuho Bank, Ltd.	November 15, 2018	74,431,118	4.27
Sumitomo Mitsui Trust Bank, Ltd.	June 14, 2019	87,206,500	5.01
Mizuho Bank, Ltd.	September 30, 2019	89,773,218	5.15
Mitsubishi UFJ Financial Group, Inc.	December 23, 2019	104,359,600	5.99
BlackRock Japan Co., Ltd.	March 31, 2020	91,052,140	5.22

(7) Status of Voting Rights

1) Shares Issued

As of March 31, 2020

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (Treasury stock, etc.)	-	-	-
Shares with restricted voting rights (Others)	-	-	-
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 35,154,400	-	-
Shares with full voting rights (Others)	Common stock 1,706,495,500	17,064,955	-
Shares under one unit	Common stock 1,035,006	-	Shares under one unit (100 shares)
Total shares issued	1,742,684,906	-	-
Total voting rights held by all shareholders	-	17,064,955	-

- (Notes) 1. In the column “Shares with full voting rights (Others),” “1,706,495,500 shares in common stock” and “17,064,955 units of voting rights” include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depository Center, Inc.
2. In the column “Shares under one unit,” “1,035,006 shares in common stock” include 69 shares of treasury stock (under one unit) held by Mitsui and 15 shares (under one unit) that are registered in the name of Japan Securities Depository Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2020

Name of shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	Percentage of interest (%)
Mitsui & Co., Ltd. (Treasury stock)	2-1, Otemachi, 1-chome, Chiyoda-ku, Tokyo	35,154,400	-	35,154,400	2.01
Total	-	35,154,400	-	35,154,400	2.01

2. Acquisition of Treasury Stock and Other Related Status

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

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

Not applicable.

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

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

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (October 30, 2019) (Acquisition period: October 31, 2019 to March 24, 2020)	30,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	25,964,700	49,999,893,543
Number of shares and total amount of outstanding shares of resolution	4,035,300	106,457
Ratio of non-exercised portion at the end of the current fiscal year (%)	13.45	0.00
Treasury stock acquired during the current period for acquisition	—	—
Ratio of non-exercised portion as of issuance date of this report (%)	13.45	0.00

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (March 4, 2020) (Acquisition period: March 9, 2020 to June 23, 2020)	30,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	5,233,500	7,938,125,028
Number of shares and total amount of outstanding shares of resolution	24,766,500	42,061,874,972
Ratio of non-exercised portion at the end of the current fiscal year (%)	82.55	84.12
Treasury stock acquired during the current period for acquisition (Note)	17,606,400	26,852,871,653
Ratio of non-exercised portion as of issuance date of this report (%)	23.86	30.41

(Note) “Treasury stock acquired during the current period for acquisition” does not include shares acquired during the period from June 1, 2020, to the issuance date of this report.

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

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

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	8,314	15,282,045
Treasury stock acquired during the current period for acquisition (Note)	412	640,172

(Note) “Treasury stock acquired during the current period for acquisition” does not include shares constituting less than one full unit purchased during the period from June 1, 2020, to the issuance date of this report.

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

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	–	–
Treasury stock acquired during the current period for acquisition (Note)	1,710	–

- (Notes) 1. This is an acquisition without compensation of the part of the ordinary shares which were allocated to Managing Officers under the remuneration system of share performance-linked restricted stock.
2. “Treasury stock acquired during the current period for acquisition” does not include shares acquired without compensation during the period from June 1, 2020, to the issuance date of this report.

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

Classification	Current fiscal year		Current period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock that was disposed of	-	-	25,964,700	49,999,893,543
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation	-	-	-	-
Others (Sold due to demand for sale of shares constituting less than one full unit etc.) (Note 1)	293,486	166,613,964	13,302	9,381,585
Number of shares of treasury stock held (Note 2)	35,154,469	-	26,784,989	-

- (Notes) 1. The items listed in the "Others" row for the Current fiscal year column are classified into (i) Exercise of the stock options (Number of shares: 293,300 / Total disposition amount: ¥166,276,200) and (ii) Sold due to demand for sale of shares constituting less than one full unit (Number of shares: 186 / Total disposition amount: ¥337,764), and the items listed in the "Others" row for the Current period for acquisition column are classified into (i) Exercise of the stock options (Number of shares: 13,200/ Total disposition amount: ¥9,226,800) and (ii) Sold due to demand for sale of shares constituting less than one full unit (Number of shares: 102 / Total disposition amount: ¥154,785). Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2020, to the issuance date of this report.
2. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2020, to the issuance date of this report.

3. Shareholder Return Policy

Our profit distribution policy is as follows:

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

Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.

It was resolved that the year-end dividend for the year ended March 31, 2020 was ¥40 per share. The annual dividend for the year ended March 31, 2020 was ¥80, including the interim dividend of ¥40 per share.

Regarding dividends, we have set a minimum annual dividend of ¥80 per share in the new Medium-term Management Plan, based on an emphasis on stability and continuity and on what we have determined to be a stable level of core operating cash flow generation. We will aim for continuous increases to the dividend amount through the improvement of business performance. We will allocate capital flexibly and with agility to growth investments and additional shareholder returns (additional dividends, share buybacks) in accordance with business performance during the period of the new Medium-term Management Plan.

For the year ending March 31, 2021, we currently envisage an annual dividend of ¥80 per share (the same as the year ended March 31, 2020), taking into consideration of core operating cash flow and profit for the year attributable to owners of the parent as well as stability and continuity of the amount of dividend.

Dividends for the year ended March 31, 2020 were as follows:

(a) The interim dividend which the Board of Directors resolved on October 30, 2019

Total dividend amount of ¥69,547 million; ¥40 per share

(b) The year-end dividend which Ordinary General Meeting of Shareholders resolved on June 19, 2020

Total dividend amount of ¥68,301 million; ¥40 per share

4. Corporate Governance

(1) Overview of corporate governance

1) Basic Corporate Governance Policy

In structuring the corporate governance framework, Mitsui places emphasis on “improved transparency and accountability” and “the clarification of the division of roles between the oversight activities and executive activities of the management.”

For the “improved transparency and accountability,” Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Audit & Supervisory Board Members (hereinafter referred to as the “external members”). Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “the clarification of the division of roles between the oversight activities and executive activities of the management,” Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of 16 business units within headquarters and 3 regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.

While increasing the effectiveness of supervisory functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board system because it believes that having Internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Audit & Supervisory Board Members participate, Mitsui achieves highly effective corporate governance to secure “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures:

- i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set at an appropriate number of Directors where effective discussion is possible. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Audit & Supervisory Board Members participate as members.
- ii) The Audit & Supervisory Board Members supervise the Directors’ execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Audit & Supervisory Board Members carry out multi-faceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

Regarding Mitsui’s basic views and policies on Corporate Governance, we published “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” on Mitsui’s website as follows

(https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/corp_gov.pdf)

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

2) Corporate Governance Structure of Mitsui

i) Status of the Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11 in June 2002. In June 2003, the first External Director was appointed, and since the Ordinary General Meeting of Shareholders held in June 2015, five External Directors have been appointed. As of the date of the issuance of this report, 14 Directors (including 3 female External Directors, and the percentage of female Directors is 21.4%) are appointed, 8 of whom also serve as Managing Officers.
- The number of Directors shall be set at an appropriate number where effective discussion is possible. The tenure of Directors is one year, and Directors can be reappointed.

- The Chairman is a Director and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. The role as the Chairman chiefly involves carrying out supervision of management. He does not concurrently serve as an executive officer and he is not involved in the execution of day-to-day business operations.
- In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.
- A regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2020, 15 meetings were held.
- Further, the meeting composed of all external members (hereinafter referred to as the "external members meeting") is held for the purpose of exchanging information and opinions regarding important matters in management among external members, or among external members, Internal Directors, Fulltime Audit & Supervisory Board Members, Independent Auditors and/or Managing Officers. The meeting was held fifteen times in the year ended March 31, 2020, where external members, Internal Directors, Full-time Audit & Supervisory Board Members, Independent Auditors and Managing Officers exchanged information and opinions regarding matters such as the corporate management policy, audits, the operation of operating segments and human resources development.
- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors. Mitsui has reviewed the composition of members in order to strengthen the corporate governance structure of Mitsui in June 2015. As a result, external members compose a majority of the Governance Committee, and an External Director serves as the committee chair of the Nomination Committee as well as the Remuneration Committee. Further, from June 2018, external members compose a majority of the Nomination Committee. From June 2019, external members compose a majority of the Remuneration Committee and as of the date of the issuance of this report, an External Audit & Supervisory Board Member serves as the committee chair.
- Mitsui has entered into agreements with each External Directors respectively pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit their liability to the minimum amount of liability as stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.
- The compositions of members of the Board of Directors and the Audit & Supervisory Board as of the date of issuance of this report are as follows:
 - Board of Directors:
Masami Iijima (Chairman of the Board of Directors), Tatsuo Yasunaga, Yukio Takebe, Takakazu Uchida, Kenichi Hori, Hirotsu Fujiwara, Yoshio Kometani, Shinichiro Omachi, Miki Yoshikawa, Izumi Kobayashi (External Director), Jenifer Rogers (External Director), Samuel Walsh (External Director), Takeshi Uchiyamada (External Director), Masako Egawa (External Director)
 - Audit & Supervisory Board:
Makoto Suzuki, Kimiro Shiotani, Haruka Matsuyama (External Audit & Supervisory Board Member), Hiroshi Ozu (External Audit & Supervisory Board Member), Kimitaka Mori (External Audit & Supervisory Board Member)
- Mitsui has established the three committees below as advisory bodies to the Board of Directors. The compositions of members as of the date of issuance of this report are as follows:
 - Governance Committee
Composition: Committee Chair Chairman of the Board of Directors (Masami Iijima)
Members President and Chief Executive Officer (Tatsuo Yasunaga), three External Directors (Jenifer Rogers; Samuel Walsh; Masako Egawa), one Internal Director (Shinichiro Omachi), one External Audit & Supervisory Board Member (Haruka Matsuyama)

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

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

▪ Nomination Committee

Composition: Committee Chair External Director (Izumi Kobayashi),
Members Chairman of the Board of Directors (Masami Iijima), President and Chief Executive Officer (Tatsuo Yasunaga), one External Director (Takeshi Uchiyamada), one External Audit & Supervisory Board Member (Hiroshi Ozu)

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

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

▪ Remuneration Committee

Composition: Committee Chair External Audit & Supervisory Board Member (Kimitaka Mori),
Members two External Directors (Izumi Kobayashi, Masako Egawa), two Internal Directors (Takakazu Uchida, Hirotsu Fujiwara)

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

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

- Each year the Board of Directors analyzes and evaluates its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each Director, and discloses a summary of the results. A summary of this evaluation for the year ended March 31, 2020 is as described in 4.4.(1).4.i.(a).

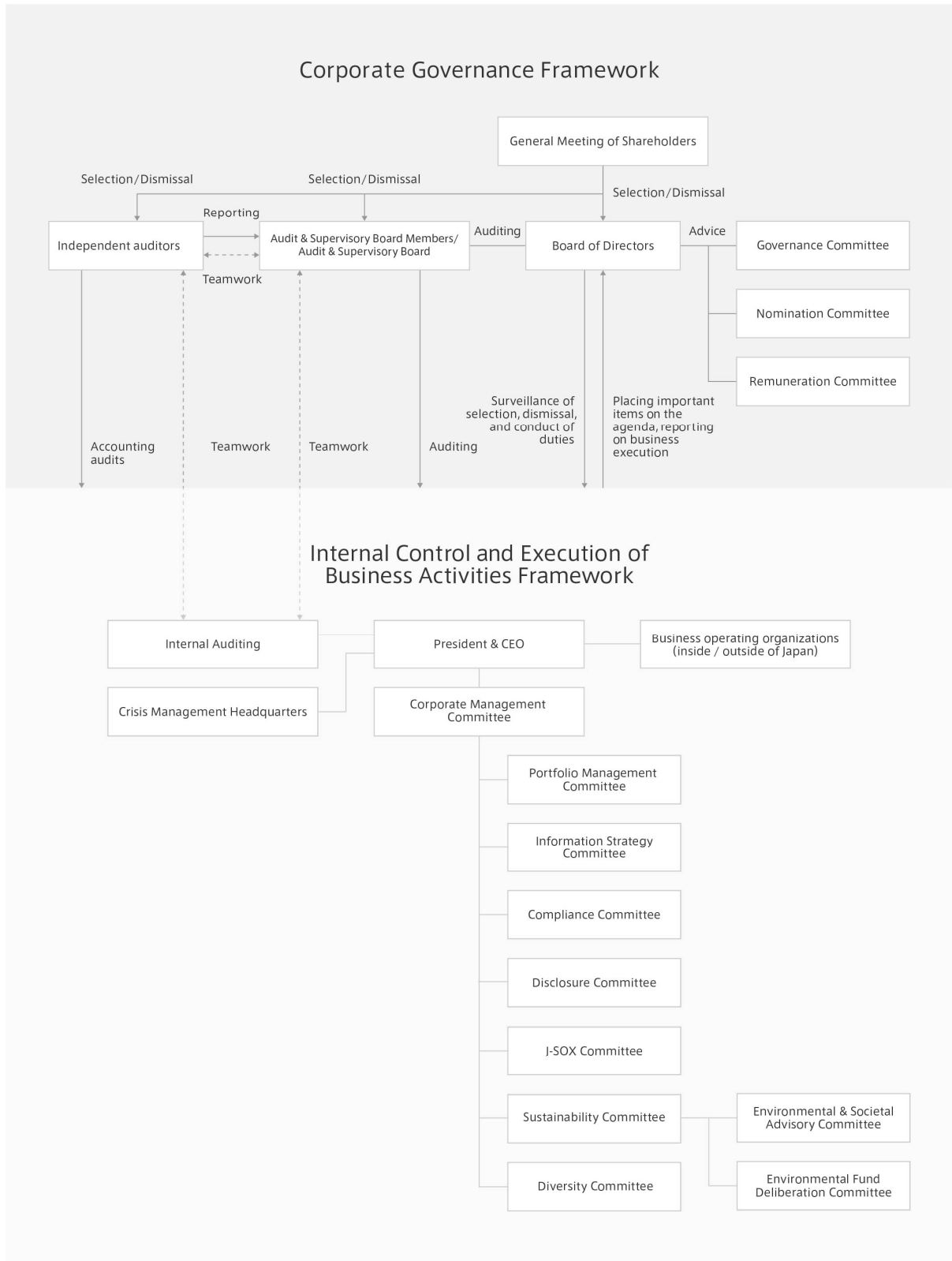
ii) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters relating to the overall management. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle. Matters referred to the Corporate Management Committee meeting are determined by the President and Chief Executive Officer, taking into consideration discussions among the Committee members.
- The Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from NASDAQ in April 2011 and the termination of SEC registration in July 2011, Mitsui has implemented the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of

management philosophy and company rules including all codes of conduct which reflect this philosophy,” and (4) “The safeguarding of company assets;” and consists of: “control environment,” “risk assessment,” “control activities,” “information and communication,” “monitoring,” and “response to IT.” These objectives and components are as stated in the basic framework designated in “Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting,” issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.
 - Compliance Committee
As an organization under the Corporate Management Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure.
 - Disclosure Committee
As an organization under the Corporate Management Committee, this committee develops principles and basic policy for statutory disclosure, timely disclosure and other important disclosure materials and disclosing acts as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.
 - J-SOX Committee
As an organization under the Corporate Management Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting.
 - Portfolio Management Committee
As an advisory body to the Corporate Management Committee, this committee establishes the corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.
 - Information Strategy Committee
As an advisory body to the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of a management platform and promotion of the structure of the information strategy.
 - Sustainability Committee
As an organization under the Corporate Management Committee, this committee aims to promote management with greater awareness of the sustainability of both society and Mitsui and provides advice to the management.
 - Diversity Committee
As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.
 - Crisis Management Headquarters
As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters.

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



3) Status of Internal Control System

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

i) Risk management system

Risks arising from business activities are monitored and managed by Chief Operating Officers of business units and regional business units within their authorization delegated from the management. Risks associated with our business include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and operational risk.

Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.

Furthermore, as stated in "2) Corporate Governance Structure of Mitsui," as committees responsible for business execution and the internal control system, organizations such as the Portfolio Management Committee, Compliance Committee, Disclosure Committee and J-SOX Committee, the Sustainability Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units.

With respect to the risks in the fields they are in charge of, each division of the Corporate Staff Units is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui has implemented the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the Company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2020.

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

"Information Technology (IT) policy" is declared as a basic policy for IT utilization to promote further awareness raising of employees and enhancement of IT governance. The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussions at the Information Strategy Committee established pursuant to the "Rules of Information Strategy Committee." Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage risks through maintenance of the following rules, necessary in light of development and operation of information systems and information security.

"Rules on Information System Management": rules on the process of procurement, introduction and operation of information assets

"Rules on IT Security": code of conduct for the system supervisory divisions regarding IT security

"Rules on Information Management": basic policies in terms of information risk management system and information management

"Rules on Protection of Personal Information": rules for the handling of personal information required for business execution (Applied only in Japan)

"Rules on Cyber Security Countermeasures": rules for preventive measures against cyber-attacks and emergency countermeasures in the event of incident

iv) Compliance structure

In addition to the Compliance Committee (see "2) Corporate Governance Structure of Mitsui"), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system supervised by line managers at business division

and department level. Further, Compliance Supervising Officers are designated at domestic and overseas units, branch offices and others.

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

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

v) Specially Designated Business Management System

In response to the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005. Under this system, internal review of four business domains which are “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” “Businesses with subsidy,” and “Business harboring other unusual reputation risks” is strengthened. When examining these matters, reports from the Sustainability Committee or the Environmental Societal Advisory Committee in which external experts participate as members, or opinions from other external experts will be obtained, as necessary. In addition, Mitsui appoints consultants with insights into social risk, such as environmental issues and human rights, and utilize their advice for new and existing environment-related businesses as necessary.

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

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

4) Enhancements of Corporate Governance in the year ended March 31, 2020

i) Implementation for strengthening corporate governance

Implementation for strengthening corporate governance during the year ended March 31, 2020 is as follows:

(a) Evaluation of effectiveness of the Board of Directors

The method used to evaluate the effectiveness of the Board of Directors in the year ended March 31, 2020, and the method and results of that evaluation are summarized below.

< Evaluation method >

(1) In December 2019, a questionnaire survey of all 14 members of the Board of Directors and 5 members of the Audit & Supervisory Board (“the FYE 3/2020 Survey”) was carried out.

- (2) Between January and early February of 2020, the third-party evaluation organization conducted individual interviews of all Directors and Audit & Supervisory Board Members.
- (3) There was an exchange of views about the effectiveness of the Board of Directors at an external members meeting held on February 4, 2020. All External Directors and External Audit & Supervisory Board Members were present.
- (4) On March 4, 2020, the third-party evaluation organization submitted a report to Board members containing an anonymized summary of comments from the individual interviews. At a meeting of the Governance Committee on the same date, committee members discussed the results of the FYE 3/2020 Survey, the results of the external members meeting, and the results of the third-party evaluation.
- (5) After the discussion at a Corporate Management Committee meeting held on March 30, 2020, the evaluation of the effectiveness of the Board of Directors for the year ended March 31, 2020 was finalized at a Board of Directors meeting held on April 8, 2020, based on a report from the Governance Committee.

< Questionnaire items >

The main items in the FYE 3/2020 Survey were as listed below. For each question, participants provided an evaluation at one of five levels. There was also space for comments. In order to assess progress toward the improvement of the effectiveness of the Board of Directors, participants were also asked to carry out a three-level evaluation of improvement compared with the previous fiscal year.

- I. Composition of the Board of Directors
- II. Operations of the Board of Directors
- III. Deliberations by the Board of Directors
- IV. Roles and responsibilities of the Board of Directors
- V. Advisory Committees
- VI. Performance of duties by members of the Board of Directors and Audit & Supervisory Board
- VII. Support for the Board of Directors and Audit & Supervisory Board
- VIII. General

< Effectiveness Improvement Initiatives in the year ended March 31, 2020 >

Based on the results of the evaluation of the effectiveness of the Board of Directors in the year ended March 31, 2019, the Board of Directors and its secretariat implemented the following measures in the year ended March 31, 2020:

- Deepening of Information about Individual Business Projects

Efforts were made to ensure that materials provided to the Board of Directors concerning individual business projects clearly show the positioning of each project within the strategies of business units, including the amount of investment and loans as a percentage of the total for the business unit concerned, and a quantitative indication of the contribution to profits. Another focus of efforts was the improvement of materials showing the positioning of large-scale projects on a company-wide basis, and the influence on other business areas, including briefings about positioning in segment strategies, etc., and company-wide risk exposure in various countries. In addition, cash flow allocation progress reports were presented at external members meetings. In the FYE 3/2020 Survey, the majority of External Directors gave positive assessments about the deepening of information concerning individual business projects. Some participants commented that the improvement of materials provided to the Board of Directors concerning individual business projects made it easier to ascertain and understand management strategies, enabling them to discuss projects more strategically.

- Free Discussions at Off-site Meeting

Based on the results of the previous fiscal year's effectiveness evaluation, free discussions at offsite meetings have been held continuously. Directors and Audit & Supervisory Board Members held a free discussion session at our training center in Yokohama in November 2019. This resulted in intensive discussions focusing on (1) management strategies as a conglomerate, and (2) Mitsui Diversity Management. The majority of External Directors provided positive assessments of the off-site free discussion sessions in the FYE 3/2020 Survey. However, participants also called for additional free discussion sessions without overnight stays.

- Changes to the Management of the Board of Directors Meetings

We have made continual efforts relating to the management of the Board of Directors meetings. In addition to an initiative to distribute materials for Board meetings earlier, we also improved the management of meetings to allow the limited time available to be concentrated on deliberations about important projects. This was achieved by using written decisions to provide sufficient time for deliberations about projects requiring more discussion. In addition, we took steps to include information about Corporate Management Committee deliberations in materials about individual business projects for Board meetings.

In the FYE 3/2020 Survey, the majority of External Directors provided positive assessments of these changes to the management of Board of the Directors meetings.

- Items Relating to Advisory Committees

The Board of Directors received reports concerning the activities of the Remuneration Committee and Nomination Committee. In addition, a report about activity plans for the advisory committees was presented at the Board meeting in July 2019.

The majority of External Directors provided positive assessments in the FYE 3/2020 Survey. However, other opinions identified priorities for further improvement, including a call for the Governance Committee to stipulate themes for its meetings in an annual plan and increase the frequency of its meetings, and the view that the themes should also be debated by the committee.

- Effectiveness Evaluation Method

The effectiveness of the Board of Directors was evaluated by a third party, in addition to self-evaluations. The main view expressed in the FYE 3/2020 Survey was that we should consider the method to be used in the next fiscal year after examining the results of the latest third-party evaluation. Following deliberations by the Governance Committee, it was decided to carry out a study with a view to having the effectiveness of the Board of Directors evaluated regularly by a third-party organization.

< Summary of evaluation results >

(1) Results of Third-party Evaluation

According to the third-party evaluation, Mitsui's governance structures are of a generally high standard, thanks to years of determined efforts. The results of the third-party evaluation also show that positive views were in the majority for the following interview items:

- Concerning the composition of the Board of Directors, in addition to the excellent knowledge of the External Directors, Mitsui has also achieved diversity in terms of both attributes relating to gender, nationality, and generation, as well as experience of management, government administration, finance, law, and accounting.

- The top management's strong commitment to governance, compliance, and integrity is reflected in Mitsui's development of internal control mechanisms and essential organizational structures, and in the formulation and consistent application of the "With Integrity" code of conduct.

- Discussions at the Board of Directors meetings are free, open, and highly transparent, thanks to efforts to improve the materials used at meetings, such as through the inclusion of quantitative and qualitative analyses, and positioning in terms of corporate and business unit earnings and risks in materials relating to individual business projects.

- All issues are properly debated by Directors and Audit & Supervisory Board Members in multiple forums, including Board meetings, external members meetings, and free discussion sessions, as well as during meals. Topics for discussion span the entire company and include strategies and medium- to long-term visions.

- The Chairman of the Board of Directors maintains a neutral and attentive stance, and manages proceedings to ensure that the views of Internal and External Directors are actively heeded. The Board of Directors has adopted a consensus-based, rather than a majority-based decision approach. Instead, matters are debated multiple times if necessary, based on views expressed or issues raised by External Directors or Audit & Supervisory Board Members concerning individual business projects.

- The Board of Directors secretariat has worked to enhance advance briefings. It has also taken steps to achieve continuous improvements in issues relating to the management of Board meetings, while also responding with care and sincerity to feedback to the external members, and working constantly to achieve further improvement in the careful and committed support that it provides to the members of the Board of Directors.

(2) Results of Self-evaluations

The following conclusions concerning the effectiveness of the Board of Directors in the year ended March 31, 2020 were confirmed on the basis of the results of the FYE 3/2020 Survey, exchanges of views at external members meetings, and deliberations at meetings of the Governance Committee and the Board of Directors, as well as the results of the third-party evaluation:

- The majority of members expressed the view that there had been improvement concerning matters raised in the previous year, including (1) the deepening of discussion about individual business projects, (2) off-site free discussion sessions, (3) changes to the management of the Board of Directors meetings, (4) the advisory committees, and (5) effectiveness evaluation methods.

- Concerning the composition of the Board of Directors, there has been progress toward the improvement of diversity, including an increase in the number of female and non-Japanese External Directors, as well as people with practical business experience.

- As far as the management of the Board of Directors meetings is concerned, the early distribution of material for meetings has become the norm thanks to the introduction of paperless technology through the use of tablet device. Deliberations at

Corporate Management Committee meetings are accurately recorded, and the Board of Directors secretariat is providing effective support, including appropriate scheduling.

- Ample time is being provided for deliberations by the Board of Directors by ensuring that the number of agenda items is appropriate, and by making efficiency improvements, including the active use of written resolutions. Mitsui's strategic direction and business strategies are discussed at Board meetings in an atmosphere of freedom and open-mindedness. External members have opportunities to deepen their understanding of overall strategies and strategic directions through wide-ranging discussions at external members meetings and free discussion sessions attended by Directors and Audit & Supervisory Board Members, including external members.

- The Board of Directors receives reports containing the results of analyses of diverse companywide risks. For example, it has started receiving reports concerning control systems, etc., for company-wide and integrated risks. Based on these reports, the Board of Directors identifies and examines risks in light of the knowledge of individual Directors and Audit & Supervisory Board Members.

- Funding and opportunities are provided appropriately to enable External Directors and External Audit & Supervisory Board Members to deepen their understanding of Mitsui's business operations, control systems, and environments. For example, there are increased opportunities to acquire the necessary knowledge through external members meetings and prior briefings. Mitsui has also established effective collaboration systems, including forums for regular exchanges of views between External Directors and the management team, Independent Auditors, and the Internal Auditing Division.

Based on the results summarized above, we can conclude that the Board of Directors achieved an appropriate level of effectiveness in the year ended March 31, 2020. However, there is also evidence of the need to enhance effectiveness further through initiatives targeting the items listed below.

< Initiatives toward Further Improvements in Effectiveness >

(1) Actions Relating to the Management of the Board of Directors Meetings

Based on views heard from Directors and Audit & Supervisory Board Members during the effectiveness evaluation process for the year ended March 31, 2020, we will work on the following measures in relation to matters pertaining to the management of Board of the Directors meetings:

- Provision of information about individual business projects at the consideration stage
- Progress reports on projects after their approval by the Board of Directors
- Extension of time for prior briefings about important projects
- Provision of information about the Cash Flow and IRR that were projected at the investment stage for impaired projects
- Review of the frequency and duration of the Board of Directors meetings
- The addition of free discussion sessions that do not involve overnight stays

(2) Further Improvement of the Effectiveness of the Board of Directors in Relation to Discussion of Overall Strategies

One of the views put forward concerning the discussion of the overall strategies by the Board of Directors was that while there had been progress in some business areas in relation to strategy-related discussions about individual business projects, there was still room for further improvement. Another person expressed the opinion that business strategies are now being debated more actively than in the past, that this is a very positive trend from the viewpoint of External Directors, and that there should be further deepening of discussions. Based on these views, we will work to achieve further improvements in the effectiveness of the Board of Directors through efforts to energize discussions about Mitsui's overall strategies from the respective viewpoints of External and Internal Directors.

(3) Clarifying the Roles of the Advisory Committees

It was suggested that priority should be given to clarifying the roles of the Advisory Committees, while identifying the advantages of voluntary advisory committees in a company with an Audit & Supervisory Board. In response to this suggestion, we will work to clarify the expected roles of the committees, with the aim to further realize the functions of voluntary advisory committees.

We will continue efforts to maintain and improve the effectiveness of the Board of Directors, including the above points. Our aim is to ensure effective supervision of management by the Board of Directors, and to achieve sustainable growth in corporate value.

(b) Other initiatives

- The status of meetings held in the year ended March 31, 2020 by the three Committees that are advisory bodies to the Board of Directors is as follows:
 - The Governance Committee was held three times in the year ended March 31, 2020 and carried out a discussion in relation to the Effectiveness of the Board of Directors and responded to the Practical Guidelines for Group Governance while taking into consideration the viewpoint of the external members.
 - The Nomination Committee was held four times in the year ended March 31, 2020 discussed the composition of the Board of Directors and balance, and carried out a review of the standards and the process for nominating and dismissing Directors and Managing Officers. The Committee confirmed that the candidates met the selection criteria of the Directors and Managing Officers, and discussed the succession planning for the post of Chief Executive Officer.
 - The Remuneration Committee was held four times in the year ended March 31, 2020 and carried out a review of the remuneration and bonus structure and determination processes for Directors and Managing Officers, and evaluated remuneration proposals.
- The external members meetings:
 - The external members meetings were held fifteen times in the year ended March 31, 2020, where External Directors, External Audit & Supervisory Board Members, Internal Directors, Full-time Audit & Supervisory Board Members, Independent Auditors and Managing Officers exchanged information and opinions regarding matters such as the corporate management policy, audits, the operation of operating segments and human resources development.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2020 are as follows:

- At the meeting of the Compliance Committee, the Corporate Management Committee, and the Board of Directors, compliance-related matters are reported twice a year, and active discussion are held to review Mitsui's responses to compliance issues and the compliance policies, for the purpose of maintaining and improving the effectiveness of the compliance structure. In order to improve the awareness and knowledge of compliance issues among its officers and employees and instill integrity, Mitsui distributed a handbook to all the employees, and conducted various compliance training sessions. Further, in November 2019, Mitsui established the With Integrity Month with the theme of "thinking about integrity," carried out various activities such as seminars, exchanges of opinions and information, and so on. The compliance awareness survey was also conducted at Mitsui and its major affiliated companies located in Japan, in order to assess the awareness level of the group. Mitsui has also assisted compliance these affiliated companies by holding seminars, distributing the "Compliance Handbook for Mitsui Group companies" and also offering "Guidelines on the Establishment of Compliance Systems at Affiliated Companies" to contribute to the development and operation of an effective compliance system. Furthermore, in order to further strengthen the detective and control, Mitsui encourages the use of the whistle-blowing system through continuous messaging from the CCO and other officers, displaying posters in office spaces, and releasing a video introducing the whistle-blowing system on the intranet. In addition, in the year ended March 31, 2020, Mitsui increased the number of countries where the Global Group Hotline is applicable, which is, a special whistleblowing hotline for reporting and seeking advice for incidents that breach the laws of Japan or other countries regarding anti-trust (monopoly) laws or anti-corruption laws, or cases that give rise to the suspicion of such breaches. Whistleblowing reports from officers and employees of overseas offices and other subsidiaries in Japan and overseas received via this hotline are handled in an integrated manner by the Compliance Department belonging to Mitsui's head office Legal Division.
- The Disclosure Committee met four times. The Committee established a disclosure policy for various disclosure materials and carried out evaluations of the appropriateness of the contents of such materials.

- The J-SOX Committee met twice. The Committee understood the company-wide status of internal control over financial reporting for the year ended March 31, 2020 and studied company-wide measures to keep and improve the effectiveness of internal control.
- The Portfolio Management Committee met nine times. The Committee reported to the Corporate Management Committee regarding the results of examinations into business portfolio strategy, investments, loans and recycling plans, and capital efficiency, and carried out monitoring and analysis of important indices such as cash flows and risk assets.
- The Information Strategy Committee met five times. The Committee reviewed and discussed various initiatives such as Digital Transformation, work style innovations toward office building relocation, current business process and next generation of core systems, etc.
- The Sustainability Committee met five times. The Committee conducted proposals to the Corporate Management Committee regarding sustainability-related management policies and business activities, and reported the results and the plans of social contribution activities and the Mitsui & Co., Ltd. Environment Fund.
- The Diversity Committee, previously composed of Chair, HR & Gen. Affairs Div. G.M. and Corporate Planning Div. G.M, welcomed 2 Business Unit COOs and IR Div. G.M. as additional members. The Committee also increased the frequency of the annual meetings to three times a year with assemblies held on May & October 2019 and March 2020. The Committee followed up on the Mitsui Engagement Survey 2018, confirmed initiatives related to talent management on a global basis and deliberated on the KPI ratio of female managers.

5) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

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

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

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

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

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

iv) Interim dividend

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

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

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

(2) Information about directors (and other officers)

1) List of directors

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

Directors

Name *Masami Iijima (1)*

Date of Birth September 23, 1950

Shareholdings as of March 31, 2020 269,706

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer
- 2015/4 Representative Director, Chairman of the Board of Directors (current position)
- 2016/6 External Director, Ricoh Company, Ltd. (current position)
- 2018/6 External Director, SoftBank Group Corp. (current position)
- 2019/6 Counsellor, Bank of Japan (current position)
- 2019/6 External Director, Isetan Mitsukoshi Holdings Ltd. (current position)

Name *Tatsuo Yasunaga (1)*

Date of Birth December 13, 1960

Shareholdings as of March 31, 2020 149,071

Prior Positions

- 1983/4 Joined Mitsui & Co., Ltd.
- 2013/4 Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit
- 2015/4 President and Chief Executive Officer
- 2015/6 Representative Director, President and Chief Executive Officer (current position)

Name *Yukio Takebe (1)*

Date of Birth April 8, 1960

Shareholdings as of March 31, 2020 38,154

Prior Positions

- 1983/4 Joined Mitsui & Co., Ltd.
- 2013/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2015/4 Managing Officer, President & Chief Executive Officer of P.T. Mitsui Indonesia
- 2016/4 Executive Managing Officer, Chairman & CEO of Mitsui & Co. (Australia) Ltd. and Chairman of Mitsui & Co. (N.Z.) Ltd.
- 2018/4 Senior Executive Managing Officer
- 2018/6 Representative Director, Senior Executive Managing Officer
- 2019/4 Representative Director, Executive Vice President (current position)

Name *Takakazu Uchida (1)*
Date of Birth September 24, 1960
Shareholdings as of March 31, 2020 51,369

Prior Positions

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

Name *Kenichi Hori (1)*
Date of Birth January 2, 1962
Shareholdings as of March 31, 2020 28,786

Prior Positions

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

Name *Hirotsu Fujiwara (1)*
Date of Birth January 10, 1961
Shareholdings as of March 31, 2020 46,721

Prior Positions

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

Name *Yoshio Kometani (1)*
Date of Birth April 11, 1962
Shareholdings as of March 31, 2020 26,506

Prior Positions

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

Name *Shinichiro Omachi (1)*
Date of Birth July 18, 1960
Shareholdings as of March 31, 2020 24,975

Prior Positions

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

Name *Miki Yoshikawa (1)*
Date of Birth December 26, 1961
Shareholdings as of March 31, 2020 18,645

Prior Positions

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

Name *Izumi Kobayashi (1)*
Date of Birth January 18, 1959
Shareholdings as of March 31, 2020 4,134

Prior Positions

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

Name *Jenifer Rogers (1)*
Date of Birth June 22, 1963
Shareholdings as of March 31, 2020 5,799

Prior Positions

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

Name *Samuel Walsh (1)*

Date of Birth December 27, 1949

Shareholdings as of March 31, 2020 7,100

Prior Positions

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

Name *Takeshi Uchiyamada (1)*

Date of Birth August 17, 1946

Shareholdings as of March 31, 2020 3,485

Prior Positions

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

Name *Masako Egawa (1)*

Date of Birth September 7, 1956

Shareholdings as of March 31, 2020 0

Prior Positions

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

Audit & Supervisory Board Members

Name ***Makoto Suzuki (4)***

Date of Birth April 13, 1958

Shareholdings as of March 31, 2020 78,521

Prior Positions

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

Name ***Kimiro Shiotani (4)***

Date of Birth October 14, 1960

Shareholdings as of March 31, 2020 10,045

Prior Positions

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

Name ***Haruka Matsuyama (3)***

Date of Birth August 22, 1967

Shareholdings as of March 31, 2020 2,069

Prior Positions

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

Name ***Hiroshi Ozu (4)***

Date of Birth July 21, 1949

Shareholdings as of March 31, 2020 1,710

Prior Positions

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

Name	<i>Kimitaka Mori (2)</i>	
Date of Birth	June 30, 1957	
Shareholdings as of March 31, 2020	4,439	
Prior Positions	• 1980/4	Joined Shinwa Accountants (currently KPMG AZSA LLC)
	• 2000/6	Representative Partner
	• 2004/6	Director of financial services
	• 2006/6	Board Member
	• 2011/7	Chairman, KPMG FS Japan
	• 2013/7	Established Mori Certified Public Accountant Office
	• 2013/7	Chairman and President, The Japanese Institute of Certified Public Accountants
	• 2016/7	Senior Advisor, The Japanese Institute of Certified Public Accountants (current position)
	• 2017/6	External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

- (1) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within one year from the election as Director in June 2020.
- (2) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2017.
- (3) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2018.
- (4) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders with respect to the last business year ending within four years from the election as Audit & Supervisory Board Member in June 2019.
- (5) Ms. Izumi Kobayashi, Ms. Jenifer Rogers, Mr. Samuel Walsh, Mr. Takeshi Uchiyamada and Ms. Masako Egawa are External Directors.
Ms. Haruka Matsuyama, Mr. Hiroshi Ozu and Mr. Kimitaka Mori are External Audit & Supervisory Board Members.
Mr. Makoto Suzuki and Mr. Kimiro Shiotani are Full-time Audit & Supervisory Board Members.
- (6) Ms. Matsuyama's name as it appears in her family registry is Haruka Kato.

Mitsui introduced the Managing Officer System in April 2002. Managing Officers as of June 19, 2020 are as follows: (* Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Tatsuo Yasunaga*	President and Chief Executive Officer; Head of Crisis Management Headquarters
Yukio Takebe*	Executive Vice President; Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II
Takakazu Uchida*	Executive Vice President; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Financial Management & Advisory Division I, II, III and IV); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Kenichi Hori*	Senior Executive Managing Officer; Basic Materials Business Unit; Performance Materials Business Unit; Nutrition & Agriculture Business Unit; Corporate Development Business Unit; Chairman, Portfolio Management Committee
Hirotsu Fujiwara*	Senior Executive Managing Officer; Chief Human Resources Officer; Chief Compliance Officer; Corporate Staff Unit (Audit & Supervisory Board Member Division, Secretariat, Human Resources & General Affairs Division, Legal Division, Logistics Strategy Division, New Head Office Building Development Department); Business Continuity Plan Management; Chairman, Compliance Committee; Chairman, Diversity Committee; Head of Emergency Management Headquarters
Yoshio Kometani*	Senior Executive Managing Officer; Chief Digital Information Officer; Integrated Digital Strategy Division; Infrastructure Projects Business Unit; Mobility Business Unit I; Mobility Business Unit II; Energy Solutions Business Unit; IT & Communication Business Unit; Chairman, Information Strategy Committee
Motoo Ono	Senior Executive Managing Officer; Chief Representative of East Asia Bloc
Shinsuke Kitagawa	Senior Executive Managing Officer, Country Chairperson in India
Shinichiro Omachi*	Senior Executive Managing Officer; Chief Strategy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Regional Business Promotion Division, Corporate Communications Division, Corporate Sustainability Division); Domestic Offices and Branches; Regional Blocks; Chairman, Sustainability Committee
Miki Yoshikawa*	Senior Executive Managing Officer; Food Business Unit; Retail Business Unit; Healthcare & Service Business Unit
Hiroyuki Tsurugi	Executive Managing Officer; Chair & CEO of Mitsui & Co. (Australia) Ltd.
Shingo Sato	Executive Managing Officer; President of Mitsui & Co. (Brasil) S.A.
Osamu Toriumi	Executive Managing Officer; General Manager of Internal Auditing Division
Motoaki Uno	Executive Managing Officer; Chief Operating Officer of Asia Pacific Business Unit
Hiroshi Meguro	Executive Managing Officer; Chief Regional Representative in CIS; General Director of Mitsui & Co. Moscow LLC
Koji Nagatomi	Executive Managing Officer; Deputy Chief Operating Officer of Asia Pacific Business Unit; Chief Operating Officer of Consumer-Centric Business Development Unit, Mitsui & Co.(Asia Pacific) Pte. Ltd.
Sayu Ueno	Executive Managing Officer; Chief Operating Officer of Americas Business Unit
Hirohiko Miyata	Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit
Kohei Takata	Managing Officer; Chief Operating Officer of Nutrition & Agriculture Business Unit
Yumi Yamaguchi	Managing Officer; President & CEO of Mitsui Global Strategic Studies Institute
Reiji Fujita	Managing Officer; President of Mitsui & Co. (Thailand) Ltd.
Takeo Kato	Managing Officer; Chief Operating Officer of Performance Materials Business Unit
Yuki Kodera	Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
Yoshiki Hirabayashi	Managing Officer; Chief Operating Officer of Retail Business Unit
Yoshiaki Takemasu	Managing Officer; General Manager of Human Resources & General Affairs Division
Yoshimitsu Gushiken	Managing Officer; General Manager of Finance Division
Shinichi Hori	Managing Officer; General Manager of Osaka Office

Name	Title and Principal Positions
Shinichi Kikuchihara	Managing Officer; Chief Operating Officer of Corporate Development Business Unit
Masaharu Okubo	Managing Officer; Chief Operating Officer of Energy Business Unit I
Motoyasu Nozaki	Managing Officer; Chief Operating Officer of Energy Business Unit II
Masahiro Moriyasu	Managing Officer; Chief Operation Officer of IT & Communication Business Unit
Tetsuya Daikoku	Managing Officer; Chief Operating Officer of Mobility Business Unit I
Tatsuya Okamoto	Managing Officer; Chief Operating Officer of Mobility Business Unit II
Yuji Mano	Managing Officer; General Manager of Integrated Digital Strategy Division
Masato Sugahara	Managing Officer; Chief Operating Officer of Healthcare & Service Business Unit
Kazumasa Nakai	Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit
Tetsuya Shigeta	Managing Officer; General Manager of Global Controller Division
Atsushi Kawase	Managing Officer; General Manager of Financial Management & Advisory Division III
Koichi Fujita	Managing Officer; Chief Operating Officer of Iron & Steel Products Business Unit
Yoshiyuki Enomoto	Managing Officer; General Manager of Financial Management & Advisory Division II
Takashi Furutani	Managing Officer; Chief Operating Officer of Basic Materials Business Unit
Yoichiro Endo	Managing Officer; Chief Operating Officer of Food Business Unit
Takeshi Akutsu	Managing Officer; General Manager of Corporate Planning & Strategy Division
Makoto Sato	Managing Officer; General Manager of Investment Administrative Division
Toru Matsui	Managing Officer; Chief Operating Officer of Energy Solutions Business Unit

2) Status of external members

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

- The prospective person's extensive business experience and knowledge are required to deliberate on such Board of Directors meeting proposals as investments and loans, and knowledge of his or her particular area of business is used.
- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui takes into consideration the fields from which candidates originate, along with their gender.
- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Directors in individual transactions with external parties.

The five External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 19, 2020, their relationships with Mitsui, and the reasons for their appointment are as follows. Regarding shareholdings of External Directors, see “(2) Information about directors (and other officers) 1) List of directors.”

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Izumi Kobayashi (Since June 2014)	Mitsui paid membership fees and made donations to the Japan Association of Corporate Executives, where Ms. Kobayashi had served as Vice Chairperson until April 2019, but the yearly amount paid in each of the last three (3) fiscal years was below the standard amount for donations and aid funds (¥10 million) established by Mitsui’s Criteria of Independence for external members. From the above, Mitsui has determined that there is nothing that would affect the independence of Ms. Kobayashi as External Director. Other than the above, there is no special interest between Ms. Kobayashi and Mitsui, therefore, Ms. Kobayashi is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Kobayashi has deep insight in organizational management and risk management for generating innovation, which she has accumulated through her experience working as the representative of private sector financial institutions and a multilateral development bank. She speaks out actively from diverse perspectives at the Board of Directors meetings, making a significant contribution to deepening the discussion. In the year ended March 31, 2020, she served as a member of the Remuneration Committee, and contributed to the discussions related to the design of a remuneration system for Officers and evaluation of Officers. In addition, as chair of the Nomination Committee, she exercised strong leadership in enhancing the transparency of the procedures for the appointment of executives, including the CEO. In view of these points we appointed Ms. Kobayashi as External Director so that she may continue to advise and supervise the Company’s management.
Jenifer Rogers (Since June 2015)	There is no special interest between Ms. Rogers and Mitsui, therefore, Ms. Rogers is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Rogers has a global perspective and deep insight in risk management cultivated through her experience working for international financial institutions and her experience in legal work as an in-house counsel. She makes many useful comments concerning risk control at the Board of Directors meetings, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2020, she served as a member of the Governance Committee, actively provided her opinions with the aim of creating a highly transparent governance system. In view of these points we appointed Ms. Rogers as External Director so that she may continue to advise and supervise the Company’s management.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Samuel Walsh (Since June 2017)	There is no special interest between Mr. Walsh and Mitsui, therefore, Mr. Walsh is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Walsh has global expertise and excellent management skills cultivated through his long years working in upper management within the automobile industry and as chief executive officer of an international natural resources company. At the Board of Directors meetings, he makes many proposals and suggestions from a broad-minded standpoint based on his abundant business management experience, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2020, he served as a member of the Governance Committee, actively provided his opinions with the aim of creating a highly transparent governance system. He has diverse perspectives based on global corporate management experience and expertise and knowledge related to capital policy and business investment. We appointed Mr. Walsh as External Director so that he may continue to advise and supervise the Company's management.
Takeshi Uchiyamada (Since June 2019)	Mitsui and its consolidated subsidiaries sell metal products to Toyota Motor Corporation, at which Mr. Uchiyamada has served as Director; however, the yearly amount of sales in each of the last three (3) fiscal years is less than 0.2% of the Mitsui's annual consolidated transaction volume. In addition, Mitsui and its consolidated subsidiaries purchase automobiles and automobile components from Toyota Motor Corporation, but the yearly amount paid in each of the last three (3) fiscal years is less than 0.5% of the annual non-consolidated transaction volume of Toyota Motor Corporation. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Uchiyamada as External Director. Other than the above, there is no special interest between Mr. Uchiyamada and Mitsui, therefore, Mr. Uchiyamada is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Uchiyamada has long been involved in research on environmental and safety technologies at Toyota Motor Corporation that could realize a smart mobility society called for by today's society, as well as in the development of products demanded by consumers, and has been exercising his excellent managerial skills as an executive officer of Toyota Motor Corporation. At the Board of Directors meetings, he makes many proposals and suggestions from a broad-minded standpoint based on his management experience at a global company and his in-depth knowledge of society in general, and makes significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2020, he served as a member of the Nomination Committee, and contributed to the discussions with the aim of enhancing the transparency and effectiveness of the procedures for the appointment of executives, including the CEO. In view of these points we appointed Mr. Uchiyamada as External Director so that he may continue to advise and supervise the Company's management.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Masako Egawa (Since June 2020)	There is no special interest between Ms. Egawa and Mitsui, therefore, Ms. Egawa is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Egawa has deep insight in finance and corporate management gained through her experience of management as a director of the University of Tokyo, her many years of experience working at global financial institutions, and through her research on management and corporate governance at Japanese companies. She has also made extensive contributions to the public interest, including serving as a member on the Tax Commission, the Council for Science, Technology and Innovation, the Fiscal System Council, the United States - Japan Conference on Cultural and Educational Interchange, etc. Although Ms. Egawa has no direct experience participating in corporate management, considering the above, we newly appointed Ms. Egawa as External Director so that she may advise and supervise the Company's management.

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

Name	Concurrent positions in other organizations held by External Directors
Izumi Kobayashi	External Director, ANA HOLDINGS INC. External Director, Mizuho Financial Group, Inc.
Jenifer Rogers	General Counsel Asia, Asurion Japan Holdings G.K. External Director, Kawasaki Heavy Industries, Ltd. External Director, Nissan Motor Co., Ltd.
Samuel Walsh	Chairman of the Board, Gold Corporation (Australia)
Takeshi Uchiyamada	Chairman of the Board of Directors, Toyota Motor Corporation External Director, JTEKT CORPORATION JTEKT CORPORATION is an equity accounted associated companies of Toyota Motor Corporation.
Masako Egawa	External Director, Tokio Marine Holdings, Inc. External Director, Mitsui Fudosan Co., Ltd. Adjunct Professor, Graduate School of Business Administration, Hitotsubashi University

ii) Activities of External Directors in the year ended March 31, 2020

The activities of External Directors in the year ended March 31, 2020 were as follows:

Name	Major activities
Toshiro Muto	Mr. Muto participated in all 15 Board of Directors meetings held during the year ended March 31, 2020, and used his deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan, to speak out actively, making a significant contribution to deepening the discussion. In the year ended March 31, 2020, as chair of the Remuneration Committee (attending 3 of 4 such meetings) and as a member of the Governance Committee (attending all 3 such meetings), he exercised strong leadership in conducting discussions for designing a remuneration system for Officers and evaluation of Officers, and in creating a highly transparent governance system.
Izumi Kobayashi	Ms. Kobayashi participated in all 15 Board of Directors meetings held during the year ended March 31, 2020, and used her deep insight related to organization management that produces innovation, and risk management, gained from her experience serving as a representative of private sector financial institutions and a multilateral development bank, to speak out actively from a diverse perspective, making a significant contribution to deepening the discussion. In the year ended March 31, 2020, she served as a member of the Remuneration Committee (attending all 4 such meetings), and contributed to the discussions related to the design of a remuneration system for Officers and evaluation of Officers. In addition, as chair of the Nomination Committee (attending all 4 such meetings), she exercised strong leadership in enhancing the transparency of the procedures for the appointment of executives, including the CEO.
Jenifer Rogers	Ms. Rogers participated in all 15 Board of Directors meetings held during the year ended March 31, 2020, and made many useful comments concerning risk control from her global perspective based on her deep insight related to risk management gained from her work experience at international financial institutions and in legal work as an in-house counsel, making a significant contribution to enhancing the supervision function of the Board of Directors. In the year ended March 31, 2020, she served as a member of the Governance Committee (attending all 3 such meetings), actively provided her opinions with the aim of creating a highly transparent governance system.
Samuel Walsh	Mr. Walsh participated in all 15 Board of Directors meetings held during the year ended March 31, 2020, and made proposals and suggestions from a broad-minded standpoint based on his global expertise, excellent managerial skill, and abundant business management experience cultivated through his long years working in upper management within the automobile industry and as chief executive officer of an international natural resources company, making significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2020, he served as a member of the Governance Committee (attending all 3 such meetings), actively provided his opinions with the aim of creating a highly transparent governance system.
Takeshi Uchiyamada	Mr. Uchiyamada participated in all 11 Board of Directors meetings held since he became a Director in June 2019, and made many proposals and suggestions from a broad-minded standpoint based on his excellent managerial skill as an executive officer of Toyota Motor Corporation, management experience at a global company, and in-depth knowledge of society in general, having long been involved in research on environmental and safety technologies at Toyota Motor Corporation that could realize a smart mobility society called for by today's society, as well as in the development of products demanded by consumers, making significant contributions to active discussions at the meetings of the Board of Directors, and to improving the effectiveness of said meetings. In the year ended March 31, 2020, as a member of the Nomination Committee (attending all 4 such meetings subsequent to his appointment), he contributed to the discussions with the aim of enhancing the transparency and effectiveness of the procedures for the appointment of executives, including the CEO.

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

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

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

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

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

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

iv) Activities of External Audit & Supervisory Board Members in the year ended March 31, 2020

The activities of External Audit & Supervisory Board Members in the year ended March 31, 2020 were as follows:

Name	Major activities
Haruka Matsuyama	Ms. Matsuyama participated in 14 of the 15 Board of Directors meetings, and 23 of the 24 Audit & Supervisory Board meetings held during the year ended March 31, 2020. She offered advice and expressed opinions from the perspective of her knowledge and experience gained as a judge and an attorney at law. In the year ended March 31, 2020, as a member of the Governance Committee (attending all 3 such meetings), she actively provided opinions that contribute to developing transparent and objective governance.
Hiroshi Ozu	Mr. Ozu participated in 14 of the 15 Board of Directors meetings, and 23 of the 24 Audit & Supervisory Board meetings held during the year ended March 31, 2020. He offered advice and expressed opinions from the perspective of his knowledge and experience gained as a public prosecutor and an attorney at law. In the year ended March 31, 2020, as a member of the Nomination Committee (attending all 4 such meetings), he contributed to enhancement in the transparency of the Company's nominations of Officers.
Kimitaka Mori	Mr. Mori participated in all 15 Board of Directors meetings, and all 24 Audit & Supervisory Board meetings held during the year ended March 31, 2020. He offered advice and expressed opinions from the perspective of his knowledge and experience gained as a certified public accountant. In the year ended March 31, 2020, as a member of the Remuneration Committee (attending all 4 such meetings), he contributed to the discussions and revision related to an objective remuneration system for Officers.

v) Criteria of independence for external members

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

- 1) Person who is currently or was in the past ten years an Executive Director, Executive Officer, Managing Officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of Mitsui or Mitsui's consolidated subsidiaries.
- 2) Person or the executing person of a corporation holding either directly or indirectly 10% or more of total number of the voting rights of Mitsui
- 3) Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries (*1) or the executing person of the same

*1 If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent business year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent business year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.

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

vi) Support for external members

For External Directors, before regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given.

For External Audit & Supervisory Board Members, company information which contributes their auditing, including summaries of regular meetings between Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Member Division, are timely provided by the Full-time Audit & Supervisory Board Members and the staff. Advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board and of the Board of Directors.

For external members, Mitsui provides personal computers and tablets (hereinafter referred to as the "officer PCs") and distributes materials for meetings of the Board of Directors in a timely manner, thereby ensuring the time to review agendas. In the fiscal year ending March 31, 2021, since it is difficult and inappropriate that all Directors and Audit & Supervisory Board Members gather physically due to the spread of COVID-19, Mitsui holds the meetings of the Board of Directors and the meetings of Audit & Supervisory Board Members as remote meetings using web conference system. Mitsui set up usage environment of such web conference system on the officer PCs and provide supports to use it in order that the Directors and Audit & Supervisory Board Members can discuss effectively even at remote meeting.

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

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

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

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

- The external members, through the Board of Directors, the Audit & Supervisory Board and the external members meetings respectively, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Audit & Supervisory Board, respectively: results of the internal audits and internal

audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regards to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls. At the external member meetings, (i) External Directors and Audit & Supervisory Board Members mutually exchange information and opinions regarding the activities of Fulltime Audit & Supervisory Board Members, and (ii) External Directors, Audit & Supervisory Board Members and Independent Auditors mutually exchange information and opinions regarding the policy of audits.

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

(3) Information about audits

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

Organization, personnel:

- As of the issuance of this report, there are five Audit & Supervisory Board Members, including two Full-time Audit & Supervisory Board Members and three External Audit & Supervisory Board Members (including one female External Audit & Supervisory Board Member, and the percentage of female Audit & Supervisory Board Member is 20%). The Audit & Supervisory Board has designated Mr. Kimiro Shiotani and Mr. Kimitaka Mori as Audit & Supervisory Board Members who have considerable expertise in finance and accounting. Mr. Kimiro Shiotani joined Mitsui in 1984. Before being elected as Audit & Supervisory Board Member in 2019, he had worked in the field of accounting and was appointed as General Manager of Segment Controller Division, in 2012, and as Managing Officer, General Manager of Accounting Division in 2015. Mr. Kimitaka Mori had been working in the field of corporate accounting over the years as a certified public accountant, and holding important positions in that field such as the former Chairman and President of Japanese Institute of Certified Public Accountants.
- Mitsui has entered into agreements with each Audit & Supervisory Board Member respectively limiting their liability as Audit & Supervisory Board Members to legally designated limits, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.
- We set up the Audit & Supervisory Board Member Division to assist in the performance of the duties of the Audit & Supervisory Board Members, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

Activities of the Audit & Supervisory Board:

- A meeting of the Audit & Supervisory Board Members is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2020, 24 meetings were held. Full-time Audit & Supervisory Board Members participated in all 17 Audit & Supervisory Board meetings held after their taking position as of June 20, 2019, and the status of participation in the Audit & Supervisory Board meetings during the year ended March 31, 2020 of the External Audit & Supervisory Board Members are as described in 4.4.(2) 2) iv) Activities of External Audit & Supervisory Board Members in the year ended March 31, 2020.
- Pursuant to laws and regulations, the Articles of Incorporation and the provision of the Rules of the Audit & Supervisory Board, the Audit & Supervisory Board receives relevant reports, deliberates and/or makes resolutions as to important matters in auditing. Regarding audits of consolidated group companies, because affiliated companies in Mitsui & Co.'s consolidated group vary widely in terms of location, business areas, and growth stages, priority is given, during the formulation of audit policies, to checks concerning the assimilation of the Mitsui & Co. Group Conduct Guidelines as the foundation for the development and operation of internal control systems, and the performance of business activities in accordance with those guidelines. We also respond to change in the external environment for business activities by basing audit policies on various perspectives, including climate change and new work styles. Additionally, to conduct effective and efficient audits, the Audit & Supervisory Board coordinates closely with the Independent Auditors and the Internal Auditing Division. Another priority is the development of closer collaboration with the organizations, officers,

and employees (such as audit & supervisory board members of affiliated companies, accounting auditors, and internal audit organizations) responsible for supervision of the development and operation of internal control systems in affiliated companies.

- The main items considered and discussed at the Audit & Supervisory Board are as following:
 - Audit policies, audit plans and work assignment;
 - Assessment of Independent Auditor;
 - Audit activities conducted by Full-time Audit & Supervisory Board Members;
 - Major issues and due process relating to matters to be discussed at the Board of Directors meetings;
 - Major issues and resolutions relating to the internal control system on global group basis; and
 - Monitoring of progress on discussions between the Company and the Independent Auditor about various issues including “Key Audit Matters”.
- Based on yearly audit results, the views of the Audit & Supervisory Board and any issues identified are compiled into recommendations to the Board of Directors. This is followed by an exchange of opinions at the meeting of the Board of Directors. The results of this process are disseminated within the company.
- Visits to the locations of frontline business activities and communication with the group employees who are active in those locations are an important part of our audit activities. However, the spread of COVID-19 has imposed severe constraints on corporate activities, and we are therefore trialing alternative audit procedures for use when these audit activities are not possible. We have started to examine our audit plans based on the results of these trials.
- An evaluation of the effectiveness of the Audit & Supervisory Board was conducted through individual interviews with all external Audit & Supervisory Board Members, an exchange of views at a meeting of the Audit & Supervisory Board, and self-evaluations. The results indicate that an appropriate level of effectiveness is generally being achieved. On the other hand, we recognized the need for efforts in some areas, such as the development of closer collaboration with the audit & supervisory board members of affiliated companies, in order to achieve further improvement in effectiveness.

Main Activities of Audit & Supervisory Board Members

- Each Audit & Supervisory Board Member has a duty to audit the following issues; (i) in the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of operation and improvement of the internal control systems, and (ii) in the area of financial audit, the independence of the Independent Auditors, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reviews and reports from the Independent Auditors, and the system of disclosure.
- Audit & Supervisory Board Members attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions. Full-time Audit & Supervisory Board Members attend important internal meetings and committees, including the Corporate Management Committee.
- All Audit & Supervisory Board Members have discussions with the Chairman of the Board of Directors and the President & Chief Executive Officer, respectively, on a periodic basis. Full-time Audit & Supervisory Board Members receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units. Full-time Audit & Supervisory Board Members receive reports relating to regular internal audits from the Internal Auditing Division, in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division, and deliver their opinions and advices to audited organizations.
- The Audit & Supervisory Board has designated some of the affiliated companies both domestic and overseas as “Affiliated Companies to be Monitored Designated by the Audit & Supervisory Board”. The Audit & Supervisory Board Members conduct auditing on the management status of Mitsui’s subsidiaries through visits to these designated affiliate companies and major subsidiaries as well as through cooperation with audit & supervisory board members at subsidiaries. In addition to the above, The Audit & Supervisory Board Members receive reports relating to the status of audits and other matters, including the status of quarterly review, at the monthly meetings with the Independent

Auditors. At the meetings, the participants exchange opinions about audit environment and other matters, including cooperative framework for the accounting audit within Mitsui.

2) Status of the internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is present and functioning with an emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of Company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.
- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2020, is as follows: of a total of 77 people, which includes one General Manager, 40 internal auditors (including 24 re-employed retired contract employees), 24 members in charge of audits, and 12 staff members; 55 people are stationed in the Internal Auditing Division in the Head Office, 6 people are stationed in Internal Auditing Offices overseas, 3 people are stationed in the Internal Auditing Department within Business Supporting Units, and 13 people are stationed in subsidiaries.
- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or security trade control systems, and extraordinary examinations to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify the causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles and checks the assessment of the entity-wide internal control regarding the credibility of financial reports, pursuant to the Financial Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.
- For each fiscal year, the internal auditing policy and the internal auditing plan go through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

3) Auditing of financial statements

- Name of auditing firm
Deloitte Touche Tohmatsu LLC
In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.
- The period successively involved in the audit
47 years
Rotations of the partners were conducted properly. A partner does not serve our company for more than seven consecutive fiscal years.
In addition, a lead audit engagement partner does not serve our company for more than five consecutive fiscal years.

- The certified public accountants executing audits

Shuichi Morishige

Takashi Kitamura

Takenao Ohashi

Yoshio Oka

- The members of assistants involved in auditing work

The number of assistants involved in auditing work is 113 people as of March 31, 2020, and this number is comprised of 36 certified public accountants, 20 members of the Japanese Institute of Junior Accountants, and 57 others.

- Policy and reason on the Independent Auditor appointment

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

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

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

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

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

The Audit & Supervisory Board conducted the assessment of the accounting audit for the fiscal year ended March 31, 2020, in accordance with the items and process below, confirmed the appropriateness of the accounting audit, and made a resolution on the reappointment of the Independent Auditor for the fiscal year ending March 31, 2021.

- Assessment of Independent Auditor by the Audit & Supervisory Board

The Audit & Supervisory Board conducts assessment of the Independent Auditor with a focus on the following items:

- Appropriateness as an independent auditor;

- Audit activities of the audit team at the start of, during, and at the end of the period; and

- Audit fee setting process

Furthermore, the Audit & Supervisory Board conducts the assessment of the above three items through the following process:

- Confirmation of the self-assessment of the Independent Auditor, and interviews with managements, audit partners, chief manager, managers, and other related persons of the Independent Auditor; and

- Confirmation of the assessment of the Independent Auditor by the executing bodies (such as the Global Controller Div. and Internal Auditing Div.), and interviews with managers, persons in charge, and other related persons of the executing bodies

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

4) Information about audits

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

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2020 and 2019.

Classification	Year ended March 31, 2020		Year ended March 31, 2019	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	742	8	750	6
Consolidated subsidiaries	719	11	697	3
Total	1,461	19	1,447	9

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

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

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

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2020 and 2019.

Classification	Year ended March 31, 2020		Year ended March 31, 2019	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	3	85	3	37
Consolidated subsidiaries	2,251	207	2,227	273
Total	2,254	292	2,230	310

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

iii) Policy for determining audit fees

In determining audit fees, factors such as the auditing plan and the status of execution of duties by the Independent Auditor in the previous fiscal year are taken into account. In order to maintain and improve audit quality and efficient execution of audit, we check the audit process and divide roles between the auditor and the executive department as well as organizing the issues of the individual projects, which promotes transparency of the auditing hours and optimizes the amount of audit fees.

In addition, comparison of budget and actual results, analysis of fluctuation factors, studying further efficiency of audit and confirmation of its progress are carried out quarterly, all of which are discussed with the Independent Auditor in a timely manner.

The adequacy of audit fees is confirmed in accordance with the above policy, and the final approval is made with the consent of the Audit & Supervisory Board.

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

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

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

- The Audit & Supervisory Board holds regular meetings with the Internal Auditing division and the Independent Auditors. At the beginning of the fiscal year, the participants exchange information and opinions about their auditing policies and plans, the items of focus in audits, the status of audits and other matters, and have discussions on the execution of effective and efficient accounting audits and internal control audits.
- Fulltime Audit & Supervisory Board Members in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division, in addition to the exchange of information with the Internal Auditing Division for implementing efficient audits. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Audit & Supervisory Board. The Audit & Supervisory Board Members, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.
- At the end of the fiscal year, the Audit & Supervisory Board receive reports on the audit procedures and results of audits on accounting and internal controls respectively from the Independent Auditors, and exchange opinions on these. During the fiscal year, the Audit & Supervisory Board Members hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. At the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

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

1) Remuneration for directors (excluding External Directors) is determined by a resolution of the Board of Directors on the basis of deliberations by the Remuneration Committee, which is chaired by an external member. It consists of basic fixed remuneration, performance-related bonus based on Mitsui's key performance indicators, and stock-based compensation linked to the stock price as medium to long-term incentive compensation. In the year ended March 31, 2020, replacing stock-based compensation linked to the stock price provided in the form of stock options, we have adopted a remuneration system with share performance-linked restricted stock. Also, each Director (excluding External Directors) is required to purchase Mitsui's ordinary shares in an amount less than ¥1 million through the Mitsui Executives' Shareholding Association with his or her monthly remuneration. The appropriateness of percentages of basic fixed remuneration, performance-related bonus, and stock-based compensation is verified each year by the Remuneration Committee, taking trends at other companies and other factors into consideration. The findings are reported to the Board of Directors.

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

i) Performance-related bonus

(a) Total amount paid in bonuses for Directors

The performance-related bonus is calculated by the formula that is advised as appropriate by the Remuneration Committee and subsequently resolved at a Board of Directors meeting.

For fiscal year ended March 31, 2020, total amount of bonus is calculated as follows:

$$\begin{aligned} \text{Total amount of bonus} = & \text{(Consolidated profit for the period attributable to owners of the parent} \times 50\% \times 0.1\%) \\ & + \text{(Core operating cash flow} \times 50\% \times 0.1\%) \end{aligned}$$

However, the total amount shall not exceed ¥700 million. If the consolidated profit for the period attributable to owners of the parent is minus, i.e. "net loss," and/or core operating cash flow is minus, i.e. "cash outflow," then such item is set as 0 for the calculation.

Consolidated profit for the period attributable to owners of the parent and core operating cash flow are important indicators for Mitsui, and they are taken into consideration when determining the dividend policy.

(b) Amount paid as individual bonuses

The total amount calculated by the method shown in (a) above is distributed to each Director in proportion to the following points, which are assigned for each position. Amounts will be rounded to the nearest ¥10,000; however, if the total amount of the individual bonuses paid exceeds ¥700 million, each amount less than ¥10,000 will be rounded down.

(Amount individually paid = total amount of bonus × position points / sum of position points)

Points by position

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

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

Chairman/President	= ¥700 million × 10 points / (10 points × 2 persons + 7 points × 2 persons + 6 points × 5 persons = 64 points)	= ¥109.37 million
Executive Vice President	= ¥700 million × 7 / 64 points	= ¥76.56 million
Senior Executive Managing Officer	= ¥700 million × 6 / 64 points	= ¥65.62 million

ii) Remuneration system of share performance-linked restricted stock

The purpose of the remuneration system of share performance-linked restricted stock (hereinafter referred to as the "System") is to provide an additional incentive to Directors to achieve sustaining growth in Mitsui's medium to long-term performance and corporate value, and to foster a heightened sense of shared value with shareholders, by paying remuneration consisting of Mitsui's ordinary shares, with a certain transfer restriction period, to Directors (shares allocated under the System will be referred to below as the "Shares") in addition to basic fixed remuneration and performance-related bonus. This compensation system is a share performance-linked remuneration system, since the number of Shares held by Directors at the end of a certain period (hereinafter referred to as the "number of Shares after valuation") would vary based on a comparison of the growth rates of Mitsui's stock price and the Tokyo Stock Price Index (TOPIX) over a specified period. By taking into account not only movements in Mitsui's stock price, but also the performance of Mitsui's stock compared with the stock market as a whole, the System is intended to give Directors a heightened awareness of the need to improve Mitsui's corporate value by amounts greater than the growth of the stock market.

(a) Payment method

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

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

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

(c) Details of share performance linkage conditions

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

If the growth rate of Mitsui's share price (*1) is equal to or greater than 150% of the growth rate of the Tokyo Stock Price Index (TOPIX) (*2), the number after valuation will be deemed to be the entire number of Shares issued (*3).

If the growth rate of Mitsui's share price is lower than 150% of the TOPIX growth rate, the number of Shares after valuation will be a number calculated using the following formula, and the remainder of the Shares will be acquired by Mitsui without compensation at the end of the valuation period.

$$\begin{aligned} \text{Number of shares after valuation} &= \text{Number of Shares} \times \frac{\text{Mitsui's share price growth rate}}{\text{TOPIX growth rate} \times 150\%} \\ &= \text{Number of Shares} \times \frac{(A + B) \div C}{(D \div E) \times 150\%} \end{aligned}$$

(*1) This is the growth rate of Mitsui's share price during a valuation period defined as three years from the date of the Board of Directors' resolution (or the period to the date of retirement if a Director retires from their role as a director or managing officer of Mitsui before the elapse of three years. The same applies to (*2)). The growth rate will be specifically calculated as follows:

A: The average closing price of Mitsui's stock on the Tokyo Stock Exchange during the three months immediately prior to the month in which the final day of the valuation period falls

B: The total dividend per share for Mitsui's ordinary shares during the valuation period

C: The average closing price of Mitsui's stock on the Tokyo Stock Exchange during the three months immediately prior to the month in which the date of the Board of Directors' resolution falls

Growth rate of Mitsui's share price = (A+B) / C

(*2) This is the growth rate of the TOPIX during a period of three years from the date of the Board of Directors' resolution. It will be specifically calculated using the following formula.

D: The average TOPIX closing price on the Tokyo Stock Exchange during the three months immediately prior to the month in which the final day of the valuation period falls

E: The average TOPIX closing price on the Tokyo Stock Exchange during the three months immediately prior to the month in which the date of the Board of Directors' resolution falls

TOPIX growth rate = D/E

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

(d) Restriction on transfer

Directors would be unable to transfer, pawn, or otherwise dispose of the Shares (hereinafter referred to as "Restriction on Disposal") for a period of 30 years from the pay-in date (hereinafter referred to as "Restriction on Transfer Period").

During the Restriction on Transfer Period, the Shares would be managed in dedicated accounts established with a securities company nominated by Mitsui.

(e) Lifting of the Restriction on Disposal

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

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

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

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

Mitsui would make reasonable adjustments to the number of Shares to be acquired without compensation or the time when the Restriction on Disposal will be lifted, by resolution of the Board of Directors, if Mitsui enters into a merger agreement resulting in the absorption of Mitsui, or a share swap agreement or share transfer plan under which Mitsui

becomes a wholly owned subsidiary, or otherwise undertakes organizational restructuring, etc., during the Restriction on Transfer Period, pursuant to a resolution of a General Meeting of Shareholders (or a resolution of the Board of Directors in the case of a matter for which a resolution of a General Meeting of Shareholders is not required).

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

Directors are not paid retirement compensation.

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

	Basic remuneration	Bonus	Share Performance-linked restricted stock remuneration
Resolution of General Meeting of Shareholders	Ordinary General Meeting of Shareholders on June 21, 2017	Ordinary General Meeting of Shareholders on June 21, 2017	Ordinary General Meeting of Shareholders on June 20, 2019
Maximum (per year)	¥1 billion	¥700 million	¥500 million
Eligibility for payment	Directors	Directors (excluding External Directors)	Directors (excluding External Directors)
Number of the recipients at the time of the resolution	14	9	9

2) The remuneration of Directors and Audit & Supervisory Board Members for the year ended March 31, 2020 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Stock compensation	Total remuneration
Directors (Excluding External Directors)	11	¥724 million	¥507 million	¥322 million	¥1,552 million
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	4	¥132 million	-	-	¥132 million
External Directors	6	¥104 million	-	-	¥104 million
External Audit & Supervisory Board Members	3	¥60 million	-	-	¥60 million
Total	24	¥1,020 million	¥507 million	¥322 million	¥1,849 million

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

2. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥468 million to 102 retired Directors, and a total of ¥41 million to 12 retired Audit & Supervisory Board Members in the year ended March 31, 2020.

3. The amounts have been rounded to the nearest million yen.

3) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million for the year ended March 31, 2020.

Name	Category of position	Payer	Basic remuneration	Bonus	Stock compensation	Total remuneration
Masami Iijima	Director	Mitsui	¥114 million	¥79 million	¥83 million	¥275 million
Tatsuo Yasunaga	Director	Mitsui	¥131 million	¥79 million	¥98 million	¥309 million
Shinsuke Fujii	Director	Mitsui	¥76 million	¥55 million	¥23 million	¥154 million
Nobuaki Kitamori	Director	Mitsui	¥76 million	¥55 million	¥23 million	¥154 million
Yukio Takebe	Director	Mitsui	¥76 million	¥55 million	¥23 million	¥154 million
Takakazu Uchida	Director	Mitsui	¥62 million	¥48 million	¥19 million	¥129 million
Kenichi Hori	Director	Mitsui	¥62 million	¥48 million	¥19 million	¥129 million
Hirotsu Fujiwara	Director	Mitsui	¥47 million	¥48 million	¥19 million	¥113 million

4) The targets and results for indicators relating to performance-related remuneration in the year ended March 31, 2020 are as follows.

i) Performance-related bonus

Performance-related bonus is calculated according to the formula in (a) (i). The indicators used are consolidated profit for the period attributable to owners of the parent and core operating cash flow. The initial targets and results for the indicators in the year ended March 31, 2020 were as follows.

Initial plan: ¥450.0 billion for consolidated profit for the period attributable to owners of the parent, ¥640.0 billion for core operating cash flow

Results: ¥391.5 billion for consolidated profit for the period attributable to owners of the parent, ¥621.9 billion for core operating cash flow.

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

As is described in the section 4.1. (2) 1) Stock Option Plans, holders of stock-based compensation stock options with stock price conditions provided by Mitsui can exercise all of their options if the growth rate of Mitsui's stock price is equal to or greater than the TOPIX growth rate during a three-year valuation period from the date on which the options were allocated. If Mitsui's stock price growth rate is below that level, the percentage of offered options that can be exercised will be adjusted proportionately. The stock price conditions of the stock options for which the number that can be exercised in the year ended March 31, 2020 has been finalized are achieved as stated below.

Stock options (stock-based compensation stock options with stock price conditions) for which the valuation period was completed in the year ended March 31, 2020

Eligible stock options	Stock options based on a resolution of the Board of Directors on July 13, 2016
Stock price conditions achieved	Mitsui's stock price growth rate (including dividends): 150.66% TOPIX growth: 119.00% Exercisable stock options: 100% of the options granted

5) Mitsui's policy on the method used to calculate remuneration for Directors is decided by the Board of Directors within limits approved by resolutions at General Meetings of Shareholders. Before taking decisions, the Board of Directors receives a report from the Remuneration Committee, which is chaired by an external member, to the effect that the amounts are appropriate, based on prior deliberations by the Committee. The amounts for the year ended March 31, 2020 were determined through the following processes.

i) The basic remuneration for Directors excluding External Directors has been decided according to a specific formula, which was approved as appropriate by the Remuneration Committee and the meeting of the Board of Directors held on December 19, 2018.

The individual amounts of basic remuneration paid to the External Directors were decided at the meeting of the Board of Directors held on April 12, 2017, based on the report of the Remuneration Committee stating that these amounts were appropriate.

- ii) The amounts of performance-related bonus were decided according to a formula adopted at the meeting of the Board of Directors held on April 12, 2017 (see 1) i) above). After deliberating on this formula, the Remuneration Committee reported to the meeting of the Board of Directors held on April 12, 2017 that the formula was appropriate.
 - iii) The number of shares issued and allocated according to the remuneration system of share performance-linked restricted stock was decided by a resolution of the Board of Directors at a meeting held on July 3, 2019. The Remuneration Committee reported to that meeting of the Board of Directors that the number of stock options to be allocated was appropriate.
- 6) Audit & Supervisory Board Members receive only basic fixed remuneration which does not include a performance-related portion. The total amount of basic remuneration shall not exceed ¥240 million per year (Resolved at the General Meeting of Shareholders on June 21, 2017. The number of the recipients at the time is 5.). The basic remuneration for each Audit & Supervisory Board Member is determined within that limit by discussions among the Audit & Supervisory Board Members. Retirement compensation is not paid to the Audit & Supervisory Board Members.

(5) Equity securities held

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

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

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

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

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

Of the 52 stocks listed as Specified Investment Shares (Amount on balance sheet for the current year: ¥576,949 million), the purpose for holding the major investees and the amount on balance sheet are as follows, the total amount of which is ¥412,384 million.

① VALE S.A. (Amount on balance sheet: ¥259,325million)

One of the world's largest players in the mineral resources area and our important business partner. With VALE S.A. ("Vale"), we have secured stable profits and its presence in the resource industry through investment in excellent iron ore mines with outstanding competitiveness, and have developed company-wide business by utilizing the company as a platform. Our business partnership with Vale started in 2001. With an equity stake in the company, we appoint one of our staff as a member of Vale's Board of Directors, and as a shareholder who deeply understands the company's business, we provide advice and observe the management of the company. In addition to an increase in the value of our stake through improvement of the value of Vale, dividend income and related trading revenue from the company also contribute to raising our corporate value. Furthermore, as a business partner of the company, we have been promoting joint business in a wide range of fields where we can exert our comprehensive strength. To date, we have realized a variety of collaborations, such as phosphate rock business in Peru (Vale has exited), general cargo transportation business in Brazil, and coal mine & infrastructure business in Mozambique. We will continue actively supporting the efforts toward a low-carbon society and other initiatives of Vale, which owns abundant high quality iron ore, and aim to further increase the corporate value of both Vale and us.

② Seven & i Holdings Co., Ltd. (Amount on balance sheet: ¥58,011million)

A major retail holding company centered on Seven-Eleven Japan and Ito-Yokado. Considering them our important business partner with whom we are aiming to maximize the value of both companies in the distribution business, we provide them with the integrated demand chain management functions for food materials/ingredients, packages and logistics.

③ Recruit Holdings Co., Ltd. (Amount on balance sheet: ¥33,552million)

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

④ GOLDWIN INC. (Amount on balance sheet: ¥26,292million)

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

⑤ Sims Metal Management Ltd. (Amount on balance sheet: ¥13,507million)

The world's largest metal scrap & environmental recycling company and our important business partner. Their business is complementary with our scrap & recycling business strategy, and we are pursuing synergies in ferrous & non-ferrous scrap business, waste substrate scrap business, and other environmental recycling business.

⑥ MODEC, INC. (Amount on balance sheet: ¥10,962million)

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

⑦ KATO SANGYO Co., Ltd. (Amount on balance sheet: ¥10,735million)

A nationwide food wholesaler boasting strong sales channels with leading retailers, and an important customer in our distribution business of processed foods in Japan. An important business partner to jointly promote next-generation marketing projects utilizing digital technology.

ii) Number of issues and amount on balance sheet

	Number of Issues (Issue)	Total amount on balance sheet (Millions of Yen)
Unlisted stocks	278	135,527
Stocks other than unlisted stocks	139	619,104

(Issues which number of shares increased in the year ended March 31, 2020)

	Number of Issues (Issue)	Acquisition costs associated to the increase in shares (Millions of Yen)	Reason for increase in number of shares
Unlisted stocks	16	21,415	Acquired based on prior stringent assessments of the probability of the investment creating business opportunities, or building, maintaining, or strengthening business and collaborative relationships
Stocks other than unlisted stocks	1	1	Same as above

(Issues which number of shares decreased in the year ended March 31, 2020)

	Number of Issues (Issue)	Sales proceed associated to the decrease in shares (Millions of Yen)
Unlisted stocks	18	6,886
Stocks excluding unlisted stocks	16	68,607

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

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

Issue	2020	2019	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
VALE S.A.	286,347,055	286,347,055	Refer to the 2) - i) above for the purpose of holding. We review the meaning of and policy on holding stocks by verifying the economic rationale based on the status of dividends, business-related profits, and other related profits, in comparison to total cost such as acquisition cost, fair value and our cost of capital, and verification of qualitative aspects based on the status of and outlook for the creation of business opportunities, as well as business and collaborative relationship with each cross-shareholding investee.	no
	259,325	414,823		
Seven & i Holdings Co., Ltd.	16,222,480	16,222,480	same as above	no
	58,011	67,745		
Recruit Holdings Co., Ltd.	12,000,000	27,000,000	same as above	no
	33,552	85,347		
GOLDWIN INC.	4,367,504	2,183,752	same as above, increased due to stock split	yes
	26,292	35,202		
Sims Metal Management Ltd.	33,450,338	33,450,338	same as above	no
	13,507	28,173		
MODEC, INC.	8,387,300	8,387,300	same as above	no
	10,962	26,419		
KATO SANGYO Co., Ltd.	3,153,000	3,153,000	same as above	yes
	10,735	11,508		
TOYOTA MOTOR CORPORATION	1,500,000	1,500,000	The Company shall hold for the purpose of creating business opportunities, or building, maintaining, or strengthening business and collaborative relationship. We review the meaning of and policy on holding stocks by verifying the economic rationale based on the status of dividends, business-related profits, and other related profits, in comparison to total cost such as acquisition cost, fair value and our cost of capital, and verification of qualitative aspects based on the status of and outlook for the creation of business opportunities, as well as business and collaborative relationship with each cross-shareholding investee.	yes
	9,751	9,730		

Issue	2020	2019	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
J-OIL MILLS, INC.	2,087,711	2,087,711	same as above	yes
	9,540	8,601		
HUTCHISON CHINA MEDITECH LIMITED	17,584,797	3,394,402	same as above, increased due to stock split	no
	9,341	16,889		
Yamato Kogyo Co., Ltd.	4,573,000	4,573,000	same as above	no
	8,478	13,810		
Yamaha Motor Co., Ltd.	5,451,900	8,586,000	same as above	yes
	7,125	18,640		
Mitsui Chemicals, Inc.	3,474,078	3,474,078	same as above	yes
	7,125	9,279		
Nihon Unisys, Ltd.	2,448,509	2,448,509	same as above	no
	7,083	7,179		
Toray Industries, Inc.	13,776,000	13,776,000	same as above	yes
	6,460	9,738		
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	4,288,000	same as above	no
	6,449	8,687		
Nippon Flour Mills Co., Ltd.	3,349,110	3,349,110	same as above	yes
	5,649	6,363		
Mitsui Fudosan Co., Ltd.	3,000,000	3,000,000	same as above	yes
	5,611	8,347		
Showa Sangyo Co., Ltd.	1,540,000	1,540,000	same as above	no
	4,943	4,616		
MS & AD Insurance Group Holdings, Inc.	1,422,900	1,422,900	same as above	no
	4,304	4,795		
Lion Corporation	1,759,000	1,759,000	same as above	yes
	4,068	4,098		
RareJob, Inc.	1,828,100	-	same as above, increased due to reclassification	no
	3,268	-		
Sumitomo Metal Mining Co., Ltd.	1,454,000	1,454,000	same as above	no
	3,224	4,754		
Morinaga & Co., Ltd.	686,200	686,200	same as above	no
	3,033	3,297		
Kaneka Corporation	1,108,691	1,108,691	same as above	yes
	2,871	4,595		
TOYO ENGINEERING CORPORATION	8,754,000	8,754,000	same as above	yes
	2,836	5,339		
TOSOH CORPORATION	2,246,500	2,246,500	same as above	yes
	2,763	3,866		
Shin Nippon Air Technologies Co., Ltd.	1,266,252	1,266,252	same as above	no
	2,738	2,448		
Nippon Soda Co., Ltd.	1,015,000	1,015,000	same as above	yes
	2,737	2,967		

Issue	2020	2019	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
NSK Ltd.	3,838,000	3,838,000	same as above	yes
	2,663	3,980		
AIR WATER INC.	1,754,000	1,754,000	same as above	no
	2,606	2,813		
Tayca Corporation	1,784,094	1,784,094	same as above	no
	2,563	4,551		
Taiwan High Speed Rail Corporation	24,000,000	24,000,000	same as above	no
	2,484	3,108		
Denka Company Limited	1,087,400	1,087,400	same as above	yes
	2,476	3,468		
TV TOKYO Holdings Corporation	1,002,050	1,002,050	same as above	no
	2,408	2,331		
Nippon Steel & Sumitomo Metal Corporation	2,459,954	2,459,954	same as above	yes
	2,276	4,806		
JK Holdings Co., Ltd.	3,179,454	*	same as above	yes
	2,190	*		
Hankuk Carbon Co., Ltd.	4,234,100	4,234,100	same as above	no
	2,099	3,381		
Mercari, Inc.	981,310	1,962,620	same as above	no
	2,060	6,672		
ZEON CORPORATION	2,352,000	2,352,000	same as above	yes
	1,914	2,634		
Mitsubishi UFJ Financial Group, Inc.	4,652,000	4,652,000	same as above	no
	1,874	2,558		
KYOEI STEEL LTD.	1,470,000	*	same as above	no
	1,833	*		
CENTRAL SECURITY PATROLS CO., LTD.	445,335	*	same as above	yes
	1,736	*		
MORIROKU HOLDINGS COMPANY, LTD.	1,128,000	1,128,000	same as above	yes
	1,688	2,939		
TAKARA HOLDINGS INC.	2,000,000	2,000,000	same as above	yes
	1,620	2,618		
DaikyoNishikawa Corporation	3,222,720	3,222,720	same as above	no
	1,592	3,274		
S Foods Inc.	705,500	705,500	same as above	yes
	1,577	2,857		
Japan Airlines Co., Ltd.	791,500	791,500	same as above	no
	1,575	3,086		
Sumitomo Mitsui Financial Group, Inc.	593,100	*	same as above	no
	1,555	*		
GODO STEEL, Ltd.	730,882	*	same as above	yes
	1,536	*		
Yantai North Andre Juice Co., Ltd.	21,340,000	*	same as above	no
	1,492	*		

Issue	2020	2019	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
AUSTEVOLL SEAFOOD ASA	1,782,236	1,782,236	same as above	no
	1,351	2,335		
PT Pelat Timah Nusantara Tbk	*	252,335,000	same as above	no
	*	5,629		
TPV Technology Limited	-	426,802,590	same as above	no
	-	10,985		
Dai-ichi Life Holdings, Inc.	*	1,581,900	same as above	no
	*	2,432		
Mitsui E&S Holdings Co., Ltd.	*	2,550,000	same as above	no
	*	2,662		
QIWI plc	*	1,715,403	same as above	no
	*	2,739		
JFE Holdings, Inc.	*	1,354,360	same as above	no
	*	2,544		
IHI Corporation	*	939,500	same as above	yes
	*	2,498		

- (Note) 1. Quantitative effect of holding is not disclosed in consideration of our relationships with business partners and others.
2. “-” represents not possessed as specified investment shares. “*” means omission due to 1% or less than Mitsui’s capital and out of high ranking of 60.
3. Holding of Mitsui’s stock is described based solely on the register of shareholders as of March 31, 2020. The shares not held as of March 31, 2020 are based on the register of shareholders as of March 31, 2019.

Deemed Stockholdings

Issue	2020	2019	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of Mitsui's stock
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
TOYOTA MOTOR CORPORATION	2,246,200	2,246,200	To supplement the pension financial situation, the Company contributes this stock to the Company's employee retirement benefit trust with retaining the authority to give instructions on the exercise of voting rights and decides whether to sell or not based on the pension financial situation.	yes
	14,602	14,571		
Mitsui Chemicals, Inc.	3,474,000	3,474,000	same as above	yes
	7,125	9,279		
MS & AD Insurance Group Holdings, Inc.	2,030,100	2,030,100	same as above	no
	6,141	6,841		
Mitsui Fudosan Co., Ltd.	2,801,000	2,801,000	same as above	yes
	5,239	7,793		
Toyo Suisan Kaisha, Ltd.	994,000	994,000	same as above	no
	5,188	4,189		
SKY Perfect JSAT Holdings Inc.	13,405,200	13,405,200	same as above	no
	5,147	6,166		
Katakura Industries Co., Ltd.	2,200,000	2,200,000	same as above	no
	2,336	2,776		
TAKARA HOLDINGS INC.	2,170,000	2,170,000	same as above	yes
	1,757	2,840		

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

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

5. Financial Information

1. Consolidated Financial Statements

Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2020	2019	2020
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 2 and 16)	¥ 1,058,733	¥ 956,107	\$ 9,713
Trade and other receivables (Notes 2, 7, 8, 9, 16 and 21)	1,622,501	1,804,227	14,885
Other financial assets (Notes 2, 8 and 24).....	562,899	254,507	5,164
Inventories (Notes 2, 8, 10 and 24)	553,861	607,675	5,081
Advance payments to suppliers	167,250	219,849	1,534
Other current assets	159,175	153,957	1,462
Total current assets	4,124,419	3,996,322	37,839
Non-current Assets:			
Investments accounted for using the equity method (Notes 2, 5, 6, 16 and 29)	2,880,958	2,975,674	26,431
Other investments (Notes 2, 8, 16 and 24)	1,484,422	1,947,565	13,619
Trade and other receivables (Notes 2, 7, 8, 9, 16, 21 and 24)	422,423	458,809	3,875
Other financial assets (Notes 2, 8 and 24)	186,010	154,886	1,707
Property, plant and equipment (Notes 2, 9, 11, 14 and 16)	2,121,371	1,945,381	19,462
Investment property (Notes 2, 9 and 12)	251,838	203,102	2,310
Intangible assets (Notes 2 and 13)	195,289	174,085	1,792
Deferred tax assets (Notes 2 and 23).....	58,908	40,763	540
Other non-current assets	80,654	49,192	740
Total non-current assets	7,681,873	7,949,457	70,476
Total assets	¥ 11,806,292	¥ 11,945,779	\$ 108,315

Consolidated Statements of Financial Position—(Continued)
Mitsui & Co., Ltd. and subsidiaries
March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2020	2019	2020
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 15, 16 and 26)	¥ 297,458	¥ 337,028	\$ 2,729
Current portion of long-term debt (Notes 8, 9, 15, 16 and 26)	399,904	479,390	3,669
Trade and other payables (Notes 2 and 15)	1,136,504	1,322,274	10,427
Other financial liabilities (Notes 2, 8, 15, 24 and 25)	626,963	278,472	5,752
Income tax payables (Notes 2 and 23)	46,206	47,197	424
Advances from customers (Note 21).....	133,247	201,444	1,222
Provisions (Notes 2, 17 and 28)	25,844	34,458	237
Other current liabilities	34,984	40,012	321
Total current liabilities	2,701,110	2,740,275	24,781
Non-current Liabilities:			
Long-term debt, less current portion (Notes 8, 9, 15, 16 and 26)	4,229,218	3,809,057	38,800
Other financial liabilities (Notes 2, 8, 15, 24 and 25)	105,279	72,095	966
Retirement benefit liabilities (Notes 2 and 18)	39,956	57,203	367
Provisions (Notes 2 and 17)	228,173	212,396	2,093
Deferred tax liabilities (Notes 2 and 23)	412,971	499,756	3,789
Other non-current liabilities	28,653	24,689	263
Total non-current liabilities	5,044,250	4,675,196	46,278
Total liabilities	7,745,360	7,415,471	71,059
Equity: (Note 19)			
Common stock	341,776	341,482	3,136
Capital surplus	402,652	387,335	3,694
Retained earnings	3,362,297	3,078,655	30,847
Other components of equity (Notes 2 and 8)	(223,910)	463,270	(2,054)
Treasury stock	(65,138)	(7,576)	(598)
Total equity attributable to owners of the parent	3,817,677	4,263,166	35,025
Non-controlling interests (Note 2)	243,255	267,142	2,231
Total equity	4,060,932	4,530,308	37,256
Total liabilities and equity	¥ 11,806,292	¥ 11,945,779	\$ 108,315

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2020	2019	2020
Revenue (Notes 2, 5, 6, 8, 21 and 24).....	¥ 6,885,033	¥ 6,957,524	\$ 63,166
Cost (Notes 2, 5 and 8).....	(6,045,610)	(6,119,057)	(55,464)
Gross Profit (Note 6).....	<u>839,423</u>	<u>838,467</u>	<u>7,702</u>
Other Income (Expenses):			
Selling, general and administrative expenses (Notes 2, 13, 18, 22 and 29)	(584,885)	(566,291)	(5,366)
Gain (loss) on securities and other investments-net (Notes 2, 5, 8 and 29)	25,060	4,409	230
Impairment reversal (loss) of fixed assets-net (Notes 2, 11, 13 and 14)	(110,809)	(27,033)	(1,017)
Gain (loss) on disposal or sales of fixed assets-net (Notes 11 and 13)	9,510	17,940	87
Reversal of provision related to Multigrain business (Notes 2 and 27)	-	11,083	-
Other income (expense)-net (Notes 2, 14 and 28).....	38,528	(18,786)	354
Total other income (expenses)	<u>(622,596)</u>	<u>(578,678)</u>	<u>(5,712)</u>
Finance Income (Costs) (Notes 2 and 8):			
Interest income	41,373	43,376	380
Dividend income	96,526	105,922	885
Interest expense (Note 17)	(89,638)	(80,116)	(822)
Total finance income (costs)	<u>48,261</u>	<u>69,182</u>	<u>443</u>
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 2,5,6,29 and 30)	269,232	255,367	2,470
Profit before Income Taxes	<u>534,320</u>	<u>584,338</u>	<u>4,903</u>
Income Taxes (Notes 2 and 23)	(123,008)	(152,575)	(1,129)
Profit for the Year	<u>¥ 411,312</u>	<u>¥ 431,763</u>	<u>\$ 3,774</u>
Profit for the Year Attributable to:			
Owners of the parent (Note 6).....	¥ 391,513	¥ 414,215	\$ 3,592
Non-controlling interests	<u>19,799</u>	<u>17,548</u>	<u>182</u>
	Yen		U.S. Dollars (Note 2)
Earnings per Share Attributable to Owners of the Parent (Notes 2 and 20):			
Basic	¥ 226.13	¥ 238.33	\$ 2.07
Diluted	<u>¥ 225.98</u>	<u>¥ 238.15</u>	<u>\$ 2.07</u>

Consolidated Statements of Income and Comprehensive Income—(Continued)
Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2020	2019	2020
Comprehensive Income:			
Profit for the year	¥ 411,312	¥ 431,763	\$ 3,774
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Financial assets measured at FVTOCI (Notes 2 and 8)	(376,024)	95,161	(3,450)
Remeasurements of defined benefit pension plans (Notes 2 and 18)	(7,007)	(11,075)	(64)
Share of other comprehensive income of investments accounted for using the equity method (Note 5).....	(11,239)	(5,859)	(103)
Income tax relating to items not reclassified (Note 19)	79,856	(30,397)	733
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments (Notes 2 and 8)	(152,362)	(44,653)	(1,398)
Cash flow hedges (Notes 2 and 8)	(10,973)	(4,860)	(101)
Share of other comprehensive income of investments accounted for using the equity method (Note 5)	(211,552)	10,852	(1,941)
Reclassification adjustments	7,070	(480)	65
Income tax relating to items that may be reclassified (Note 19)	9,063	4,222	83
Total other comprehensive income	(673,168)	12,911	(6,176)
Comprehensive Income for the Year	¥ (261,856)	¥ 444,674	\$ (2,402)
Comprehensive Income for the Year Attributable to:			
Owners of the parent	¥ (259,448)	¥ 429,917	\$ (2,380)
Non-controlling interests (Note 19)	(2,408)	14,757	(22)

Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2020 and 2019

Millions of Yen	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2018	¥ 341,482	¥ 386,165	¥ 2,903,432	¥ 448,035	¥ (104,399)	¥ 3,974,715	¥ 243,408	¥ 4,218,123
Cumulative effect of changes in accounting policies			(3,535)			(3,535)		(3,535)
Balance as at April 1, 2018 after changes in accounting policies	341,482	386,165	2,899,897	448,035	(104,399)	3,971,180	243,408	4,214,588
Profit for the year			414,215			414,215	17,548	431,763
Other comprehensive income for the year (Notes 2, 8 and 19)				15,702		15,702	(2,791)	12,911
Comprehensive income for the year			414,215	15,702		429,917	14,757	444,674
Transaction with owners:								
Dividends paid to the owners of the parent			(139,038)			(139,038)		(139,038)
Dividends paid to non-controlling interest shareholders							(18,504)	(18,504)
Acquisition of treasury stock					(17)	(17)		(17)
Sales of treasury stock		(151)	(207)		373	15		15
Cancellation of treasury stock			(96,467)		96,467	—		—
Compensation costs related to stock options		231				231		231
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		1,090		(212)		878	27,481	28,359
Transfer to retained earnings (Notes 2 and 19)			255	(255)		—		—
Balance as at March 31, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies (Note 2)			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the year			391,513			391,513	19,799	411,312
Other comprehensive income for the year (Notes 2, 8 and 19)				(650,961)		(650,961)	(22,207)	(673,168)
Comprehensive income for the year			391,513	(650,961)		(259,448)	(2,408)	(261,856)
Transaction with owners:								
Dividends paid to the owners of the parent			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders							(14,130)	(14,130)
Acquisition of treasury stock					(58,092)	(58,092)		(58,092)
Sales of treasury stock		(167)	(363)		530	0		0
Compensation costs related to stock options		23				23		23
Compensation costs related to share performance-linked restricted stock	294	294				588		588
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		15,167		650		15,817	(7,349)	8,468
Transfer to retained earnings (Notes 2 and 19)			36,869	(36,869)		—		—
Balance as at March 31, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932

Millions of U.S. Dollars (Note 2)	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at March 31, 2019	\$ 3,133	\$ 3,554	\$ 28,245	\$ 4,250	\$ (70)	\$ 39,112	\$ 2,451	\$ 41,563
Cumulative effect of changes in accounting policies (Note 2)			(49)			(49)		(49)
Balance as at April 1, 2019 after changes in accounting policies	3,133	3,554	28,196	4,250	(70)	39,063	2,451	41,514
Profit for the year			3,592			3,592	182	3,774
Other comprehensive income for the year (Notes 2, 8 and 19)				(5,972)		(5,972)	(204)	(6,176)
Comprehensive income for the year			3,592	(5,972)		(2,380)	(22)	(2,402)
Transaction with owners:								
Dividends paid to the owners of the parent			(1,276)			(1,276)		(1,276)
Dividends paid to non-controlling interest shareholders							(131)	(131)
Acquisition of treasury stock					(533)	(533)		(533)
Sales of treasury stock		(2)	(3)		5	0		0
Compensation costs related to stock options		0				0		0
Compensation costs related to share performance-linked restricted stock	3	3				6		6
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		139		6		145	(67)	78
Transfer to retained earnings (Notes 2 and 19)			338	(338)		—		—
Balance as at March 31, 2020	\$ 3,136	\$ 3,694	\$ 30,847	\$ (2,054)	\$ (598)	\$ 35,025	\$ 2,231	\$ 37,256

Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2020	2019	2020
Operating Activities :			
Profit for the year	¥ 411,312	¥ 431,763	\$ 3,774
Adjustments to reconcile profit for the year to cash flows from operating activities:			
Depreciation and amortization	256,125	186,322	2,350
Change in retirement benefit liabilities	(46,793)	(2,405)	(429)
Loss allowance	31,170	13,287	286
Reversal of provision related to Multigrain business.....	-	(11,083)	-
(Gain) loss on securities and other investments-net	(25,060)	(4,409)	(230)
Impairment (reversal) loss of fixed assets-net	110,809	27,033	1,017
(Gain) loss on disposal or sales of fixed assets-net	(9,510)	(17,940)	(87)
Interest income, dividend income and interest expense	(77,624)	(64,298)	(712)
Income taxes	123,008	152,575	1,129
Share of (profit) loss of investments accounted for using the equity method	(269,232)	(255,367)	(2,470)
Valuation (gain) loss related to contingent considerations and others.....	(6,447)	(1,429)	(59)
Changes in operating assets and liabilities:			
Change in trade and other receivables	105,425	(60,026)	967
Change in inventories	38,159	(54,466)	350
Change in trade and other payables	(178,921)	79,343	(1,641)
Change in operating loan receivables.....	(28,691)	(42,860)	(263)
Other-net	(31,488)	(81,842)	(292)
Interest received	72,699	34,489	667
Interest paid	(96,624)	(82,839)	(886)
Dividends received	299,244	318,703	2,745
Income taxes paid	(177,478)	(179,245)	(1,628)
Income taxes refunded	26,293	25,364	241
Cash flows from operating activities	<u>526,376</u>	<u>410,670</u>	<u>4,829</u>
Investing Activities (Note 26):			
Change in time deposits	3,823	(3,216)	35
Investments in equity accounted investees	(87,901)	(421,778)	(806)
Proceeds from sales of investments in equity accounted investees	97,002	44,655	890
Purchases of other investments	(32,754)	(95,976)	(300)
Proceeds from sales and maturities of other investments	103,503	72,557	950
Increase in loan receivables	(32,077)	(74,769)	(294)
Collections of loan receivables	32,823	34,450	301
Purchases of property, plant and equipment	(287,839)	(307,719)	(2,641)
Proceeds from sales of property, plant and equipment	34,712	52,156	318
Purchases of investment property	(23,404)	(18,488)	(215)
Proceeds from sales of investment property	6,882	11,597	63
Acquisition of subsidiaries or other businesses (Note 3).....	-	(76,913)	-
Proceeds from sales of subsidiaries or other businesses	-	64,408	-
Cash flows from investing activities	<u>(185,230)</u>	<u>(719,036)</u>	<u>(1,699)</u>
Financing Activities (Note 26):			
Change in short-term debt	(27,158)	103,252	(249)
Proceeds from long-term debt	912,041	857,396	8,367
Repayments of long-term debt	(884,505)	(695,941)	(8,115)
Purchases and sales of treasury stock	(58,092)	(17)	(533)
Dividends paid	(139,071)	(139,038)	(1,276)
Transactions with non-controlling interests shareholders	(7,776)	1,724	(71)
Cash flows from financing activities	<u>(204,561)</u>	<u>127,376</u>	<u>(1,877)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(33,959)</u>	<u>5,717</u>	<u>(312)</u>
Change in Cash and Cash Equivalents	<u>102,626</u>	<u>(175,273)</u>	<u>941</u>
Cash and Cash Equivalents at Beginning of Year	<u>956,107</u>	<u>1,131,380</u>	<u>8,772</u>
Cash and Cash Equivalents at End of Year	<u>¥ 1,058,733</u>	<u>¥ 956,107</u>	<u>\$ 9,713</u>

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

1. REPORTING ENTITY

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

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

The Company and its subsidiaries conduct sales, exports, imports, offshore trades and manufacturing of products in the areas of “Iron & Steel Products,” “Mineral & Metal Resources,” “Energy,” “Machinery & Infrastructure,” “Chemicals,” “Lifestyle,” and “Innovation & Corporate Development,” while providing general services for retailing, information and communications, technical support, transportation and logistics and financing.

In addition to the above, the Company and its subsidiaries are also engaged in the development of natural resources such as oil and gas, and iron and steel raw materials and in strategic business investments in new areas such as information technology, renewable energy, and the environmental solutions business.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I . STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

II . FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Japanese yen. It is the functional currency of the Company, and all financial information presented in Japanese yen has been rounded to the nearest million.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2020 is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥109=U.S. \$1, the approximate rate of exchange at March 31, 2020. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

III . BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis, except for items such as financial instruments, assets and liabilities related to defined benefit pension plans, and a part of inventories as explained in V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

IV . USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments based on assumptions and estimates. The judgments based on assumptions and estimates are reviewed on an ongoing basis. We expect the impact of the spread of COVID-19 will recover from the latter half of the fiscal year ending March 2021, however, situation varies among products, businesses, and locations. The estimates are determined based on each situation.

Main assumptions and estimates that may have a significant risk of resulting in a material adjustment in the consolidated financial statements within the next financial year are as follows:

- Impairment and its reversal of non-financial assets (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Impairment of non-financial assets and investments accounted for using the equity method”, “Oil and gas producing activities”, Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”, Note 11 “PROPERTY, PLANT AND EQUIPMENT”, Note 13 “INTANGIBLE ASSETS” and Note 14 “EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS”)
- Revaluation of financial instruments (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Financial instruments”, Note 7 “RECEIVABLES AND RELATED ALLOWANCES”, Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” and Note 24 “FAIR VALUE MEASUREMENT”)
- Provisions and contingent Liabilities (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Provisions”, “Asset retirement obligations”, “Income taxes”, Note 17 “PROVISIONS” and Note 25 “CONTINGENT LIABILITIES”)
- Measurement of defined benefit obligations (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Employee benefits” and Note 18 “EMPLOYEE BENEFITS”)
- Recoverability of deferred tax assets (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Income taxes” and Note 23 “INCOME TAXES”)

Changes in judgments based on assumptions and estimates which could affect the accompanying consolidated financial statements are mainly as follows.

- Measurement of the recoverable amounts of non-financial assets (See Note 11 “PROPERTY, PLANT AND EQUIPMENT”, Note 13 “INTANGIBLE ASSETS” and Note 29 “LOSSES in Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V. ”)
- Provisions (See Note 17 “PROVISIONS”, Note 27 “REVERSAL (LOSS) OF PROVISION RELATED TO MULTIGRAIN BUSINESS”, Note 28 “THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY LLC”)
- Revaluation for financial instruments (See Note 24 “FAIR VALUE MEASUREMENT” and Note 29 “LOSSES in Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V. ”)
- Recoverability of deferred tax assets (See Note 30 “RECOVERABILITY OF DEFERRED TAX ASSETS IN MITSUI E&P MOZAMBIQUE AREA 1 LIMITED ACCOUNTED FOR USING THE EQUITY METHOD”)

Information about significant judgments made in the application of the accounting policies which have an impact on the consolidated financial statements are as follows:

- Scope of consolidated subsidiaries, associated companies, and joint ventures (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Consolidation”, “Investments in associated companies and joint arrangements”, Note 4 “CONSOLIDATED SUBSIDIARIES” and Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”)
- Financial instruments (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Financial instruments”, Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” and Note 24 “FAIR VALUE MEASUREMENT”)
- Accounting for leases (See V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Leasing” and Note 9 “LEASES”)

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries (which are controlled either directly or indirectly through voting or similar rights), and structured entities (“SEs”). They are collectively called the “companies,” where the Company or one of its subsidiaries have control. SEs are entities controlled through means other than voting or similar rights. The word “control” is used based on its definition in IFRS 10 “Consolidated Financial Statements,” so that the companies consider all facts and circumstances, including existing rights and substantive rights included within agreements with investees.

The consolidated financial statements include financial statements of certain subsidiaries with different fiscal year-ends from that of the Company, as the Company considers it impracticable to unify the fiscal year-ends of such subsidiaries with that of the Company.

Major consolidated subsidiaries with different fiscal year-ends include subsidiaries that operate exploration, development and production of oil and gas. As the Company is a non-operator in such operations and the financial information is prepared by the operators, the Company is unable to obtain necessary information from the operators in time for the preparation of the Company’s

year end consolidated financial statements. For the same reasons, it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company's year-end date. Therefore, financial information for such subsidiaries with fiscal year-ends of December 31 is included in the Company's consolidated results.

There are other consolidated subsidiaries for which it is also considered impracticable to unify on fiscal year-ends with on the Company's due to requirements of local laws and regulations, and it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company's year-end date due to certain facts and circumstances such as local business practices and the environment surrounding their respective accounting systems. The fiscal year-ends of such consolidated subsidiaries are mainly December 31.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such consolidated subsidiaries and that of the Company.

Changes in the companies' ownership interests that are made while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are measured at their fair value at that date. The difference between the fair value and the carrying amount of the retained non-controlling investments is recognized as gain (loss) on securities and other investments — net.

Investments in associated companies and joint arrangements

Associated companies are entities over which the Company and its subsidiaries own 20% or more of the voting rights. The exceptions to this rule include the entities in which it can be clearly demonstrated that the Company and its subsidiaries are unable to exercise significant influence over the financial and operating policy decisions of the investees, or those whereby the companies have the ability to exercise significant influence despite holding less than 20% ownership. Investments in associated companies are accounted for using the equity method.

Joint arrangements are arrangements in which decisions about relevant activities require the unanimous consent of the parties sharing control. When the parties that have joint control of the arrangement have substantial rights to the assets and obligations for the liabilities, relating to the arrangement, the arrangement is a joint operation. When an arrangement is structured through a separate vehicle and the parties that have joint control of the arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. A joint operation is accounted for by recognizing the assets, liabilities, revenues and expenses relating to its interest in the joint operation. A joint venture is accounted for using the equity method.

Robe River Iron Associates (the Company's percentage of ownership: 33%), which conducts iron ore mining activities in Australia, is a major joint operation.

The consolidated financial statements include some associated companies, joint ventures and joint operations with different fiscal year-ends from that of the Company. It is impracticable to unify the fiscal year-ends due to the requirement of local laws and regulations and relationships with other shareholders, it is also impracticable to prepare additional financial statements as of the same date as the financial statements of the companies due to certain factors such as local business practices and the environment surrounding their respective accounting systems. The fiscal year-ends of associated companies, joint ventures and joint operations are generally December 31.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such associated companies, joint ventures and joint operations and that of the Company.

The companies discontinue the use of the equity method from the date when an investment ceases to be an associated company or a joint venture. Any retained investments are measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained investments is recognized as gain (loss) on securities and other investments — net. Regarding impairment of investments accounted for using the equity method, please refer to "*Impairment of non-financial assets and investments accounted for using the equity method.*"

Business combinations

In accordance with IFRS 3 "Business Combinations," all business combinations are accounted for using the acquisition method. This is a method where all assets and liabilities of an acquired company, including non-controlling interests, are measured at fair value. The differences between consideration transferred and the net fair value of identifiable assets and liabilities are recognized as goodwill

when the consideration transferred is in excess of the net fair value of identifiable assets and liabilities. If the net fair value of identifiable assets and liabilities exceed the consideration transferred, the excess is recognized immediately as a gain in the Consolidated Statements of Income for the year.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and equity accounted investees are translated into Japanese yen using the spot exchange rate at the respective reporting date. All income and expense accounts are translated into Japanese yen using average rates of exchange for the respective reporting period. The resulting translation adjustments are recognized in other components of equity.

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of transactions. At the end of each reporting period, monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the reporting date. The exchange differences arising from translation are recognized in profit for the year.

Non-monetary items measured at historical cost denominated in foreign currencies are translated using the spot exchange rate at the date of transaction.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value. These include certificates of deposit, time deposits, financing bills and commercial paper with original maturities of three months or less.

Inventories

Inventories, consisting mainly of commodities and materials for sale, are measured at the lower of cost and net realizable value. The cost of inventory items that is not ordinarily interchangeable is assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted-average cost formula. Inventories acquired for the purpose of being sold in the near term to profit from fluctuations in price are measured at fair value less costs to sell, and changes in the fair value less costs to sell are recognized in profit for the year.

Financial instruments

Non-derivative financial assets

Trade and other receivables are recognized at fair value on initial recognition. Regular purchases of other financial assets are recognized at fair value on the trade date. These financial assets are derecognized if they satisfy any of the following conditions:

- the contractual rights to the cash flows from the financial asset have expired; or
- the contractual rights to receive the cash flows of the financial asset have been transferred, and substantially all risks and rewards of the ownership of financial asset have been transferred.

Non-derivative financial assets are classified and measured as follows:

Non-derivative financial assets that are debt instruments are measured at amortized cost if they meet the following two criteria held for the purpose of collecting contractual cash flows and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortized cost is calculated by using the effective interest rate method. For financial assets measured at amortized cost, the companies consider if an impairment has occurred. Please see *Impairment of financial assets* regarding impairment.

Equity financial instruments and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are measured at fair value through profit or loss (“FVTPL”). However, for certain equity financial instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the companies elect at initial recognition to designate these instruments as at fair value through other comprehensive income (“FVTOCI”).

When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity are directly reclassified to retained earnings without being recognized in profit for the year. Dividend income received on financial assets measured at FVTOCI is recognized in profit for the year in principle.

Non-derivative financial liabilities

The companies have non-derivative financial liabilities including corporate bonds and loans payable, trade and other payables, and other financial liabilities. Corporate bonds issued by the companies are recognized on the issue date and all other non-derivative financial liabilities are recognized on the trade date at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method.

The companies derecognize a non-derivative financial liability only when it is extinguished (that is, the underlying obligation specified in the contract is discharged, cancelled or expires).

Impairment of financial assets

For financial assets that are measured at amortized costs, the companies measure the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on a financial asset has not increased significantly since initial recognition, and measure the loss allowance at an amount equal to lifetime expected credit losses if the credit risk on a financial asset has increased significantly since initial recognition. However, for trade receivables recognized based on the IFRS 15 "*Revenue from Contracts with Customers*" and contract assets, the loss allowance is measured at an amount equal to the lifetime expected credit loss without assessing whether the credit risk on a financial asset has increased significantly since initial recognition.

When determining significant increases in the credit risk and measuring expected credit losses, both quantitative and qualitative information is considered to provide reason and support. The information includes reasonable and available forward-looking information, as well as internal information such as historical credit loss experience, past due information and internal credit ratings. The loss allowance is measured by a function using probability of default, loss given default, discount factor and exposures based on this information. In addition to this, the companies determine that the credit risk on a financial asset has increased significantly since initial recognition in principal when contractual payments are more than 30 days past due.

Information such as significant financial difficulty of the issuer or the debtor or a breach of contract such as payments past due are used for determining if any of the counterparties is in the default. If the debtor is under legal reorganization and in financial failure or has issues repaying debts due to financial difficulty, although it may not yet be in financial failure, or the principal and interest payments are 90 days past due as of the reporting date, the companies determine that the default is occurred and an objective evidence of credit impairment exists. The loss allowance for the credit-impaired financial asset is also measured like it related to financial asset other than credit-impaired financial asset. In addition, it is sometimes also individually measured by the estimation of expected credit losses by using the present value of expected future cash flows discounted at the effective interest rate based on the original terms of the contract, or at fair value of the collateral if their value depends on the collateral with based on considering the latest information and events.

The financial assets are directly written off when certain conditions are met. The following are examples of when it is reasonably determined that all or part of a financial asset is not collectable: write-off of financial assets by legal liquidation, obtaining of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

The provision or the reversal of loss allowance is recognized in profit for the year.

Finance income and costs

Finance income and costs consist of items such as interest income, interest expense, dividend income and gain or loss on hedging instruments recognized in profit for the year. Interest income and interest expense are recognized using the effective interest method. Dividend income is recognized on the date when the rights of the companies to received dividends vest. See *Derivative instruments and hedging activities* for accounting for gains or losses arising from hedging instruments.

Derivative instruments and hedging activities

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business. In order to mitigate or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity futures, forwards, options and swap contracts. These derivative instruments hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign currency-denominated debt, to hedge foreign currency exposure to net investments in foreign operations.

The companies recognize all derivative instruments as an asset or a liability at fair value as at the date on which they become party to the relevant agreement. Subsequent to initial recognition, derivative instruments are measured at fair value with any changes in fair value accounted for as follows:

- Fair value hedges

Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, the companies include the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments mainly as interest expense.

- Cash flow hedges

Derivative instruments held for the purpose of offsetting the variability in cash flows of the hedged items are designated as cash flow hedges. To the extent that they are effective, any changes in fair value are recognized in other comprehensive income until cash flows of the hedged item affect gain or loss. The amounts previously recognized in other comprehensive income are reclassified into profit for the year mainly as interest expense and other income (expense)-net when earnings are affected by the hedged items.

- Hedges of net investments in foreign operations

Foreign currency transaction gain or loss on derivative instruments and non-derivative financial instruments that are designated and effective as hedging instruments to reduce the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within other comprehensive income to the extent they are effective as a hedge. The amounts in other components of equity are reclassified into profit for the year mainly as gain (loss) on securities and other investments-net when the related investment is sold completely or partially, or the liquidation of the investment is completed. The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are recorded immediately in profit for the year mainly as other income (expenses)-net.

- Derivative instruments for trading purposes

The Company and certain subsidiaries use derivative instruments for trading purposes within certain position and loss limits. Derivative instruments for trading purposes are measured at fair value and changes in fair value are recorded in profit for the year as other revenue.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Leasing

The companies are engaged in finance and operating lease businesses. Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the lessee. Leases other than finance leases are classified as operating leases. For finance leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Operating lease income is recognized as revenue over the term of underlying leases using the straight-line method.

The companies are also lessees of various assets. If a contract is, or contains, a lease, leases are recognized as a lease liability and a corresponding right-of-use asset at the date at which the asset is available for use by the companies. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense over the lease term at a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Note that short-term leases and leases for which the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are measured based on the cost model and are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment, except for land and projects in progress, is computed principally under the straight-line method, using rates based on the estimated useful lives of the related assets. The estimated useful lives for buildings, equipment and fixtures and vessels and aircrafts are primarily 2 to 50 years, 2 to 30 years, and 3 to 20 years, respectively. Mineral rights are primarily amortized using the unit-of-production method.

Investment property

Investment property is measured by using the cost model and is stated at cost less accumulated depreciation and impairment losses. Depreciation of investment property is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related investment property. The estimated useful lives for investment properties are primarily 2 to 50 years.

Intangible assets

Intangible assets include goodwill arising from the acquisition of subsidiaries.

Intangible assets are measured based on the cost model and intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses. Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.

Software is primarily amortized over 5 years using the straight-line method.

Impairment of non-financial assets and investments accounted for using the equity method

Non-financial assets and investments accounted for using the equity method are quarterly assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the non-financial asset and investment are estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. For investments accounted for using the equity method, the entire carrying amount of the investment is tested for impairment as a single asset.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal and its value in use and is determined as an individual asset, when the asset generates cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount. The impairment loss is then recognized in loss for the year. For assets other than goodwill, an assessment is made quarterly as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in profit for the year. The amount is reversed to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized. An impairment loss recognized for goodwill is not reversed.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

Proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the recoverable amount. Unproved properties are assessed whenever there is an indication of impairment, and if the unproved properties are determined to be impaired, impairment losses are charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In surface mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as “stripping costs.” During the development of a mine, before production commences, such costs are generally capitalized as part of development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs in relation to minerals produced during the fiscal year are variable production costs to be considered as a component of mineral inventory costs. These are recognized as a component of costs in the same period as the related revenues from sales of the minerals. On the other hand, post-production stripping costs incurred that relate to minerals to be produced in the subsequent fiscal year are capitalized, and are amortized using either the unit-of-production method or straight-line method based on the proved and probable reserves.

Provisions

Provisions are recognized when the companies have a present obligation (legal or constructive) as a result of a past event, it is probable that outflows of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligations can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The companies recognize costs of dismantling and removing assets mainly related to mining and oil and gas production facilities, and the companies record the provision for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the asset. Over time, the liability is increased to its present value to reflect the passage of time, and the capitalized cost is depreciated over the useful life of the related asset.

Employee benefits

The Company and certain subsidiaries have defined benefit pension plans and severance indemnity plans. The costs of defined benefit pension plans and severance indemnity plans are accrued based on amounts determined using actuarial procedures based on the projected unit credit method. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the consolidated statements of financial position. The remeasurements of defined benefit pension plans are recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition.

The Company and certain subsidiaries also have defined contribution pension plans. Payments to defined contribution pension plans are recognized as an expense when employees have rendered service.

Revenue recognition

Revenue is recognized as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognized at the time when the performance obligations are satisfied, based on the 5 step approach (1. Identifying the contract with a customer, 2. Identifying the performance obligations of the contract, 3. Determining the transaction price, 4. Allocating the transaction price to performance obligations in the contract and 5. Recognizing the revenue when the entity satisfies a performance obligation). Upon the identification of the performance obligations of the contract, a consideration of whether an entity is a principal or an agent is made, and if the nature of the entity’s promise is a performance obligation to provide the specified goods or services as a principal, revenue is recognized at the gross amount, and if the nature of

the entity's promise is a performance obligation to arrange for the provision of goods or services by another party, then revenues received as an agent is recognized at the amount of any fee or commission to which it expects to be entitled or as a net amount. In regards to the sale of goods, including the sale of various products; the sale of a wide variety of manufactured products such as metals, chemicals, foods, and general consumer merchandise; the sales of coal, iron ore, oil, and gas; and the development and sale of real estate, the companies recognize revenue based on the transfer, acceptance by the customer, or the dispatch of goods for domestic transactions, and recognize revenue when the customer obtains control of goods as a result of the transfer of the risks and rewards, the timing of which is determined by the incoterms for international transactions. For rendering of services including commissions for the performance of various services such as logistic and warehouse services, information and communication services, technical support, and commissions related to various trading transactions, revenue is recognized at the time when the performance obligations of services are satisfied or as the performance obligations are satisfied. For transactions where the performance obligation is satisfied over time, and only if its progress towards complete satisfaction of the performance obligation can be reasonably measured, revenue is recognized by measuring the progress towards the completion of the satisfaction of the performance obligation. Even if the progress towards complete satisfaction of a performance obligation may not be reasonably measurable, if the costs incurred in satisfying the performance obligation are expected to be recovered, revenue is recognized only to the extent of the costs incurred until the progress can be reasonably measured.

Other revenue

Other revenue principally includes revenues from leasing activities in real estate, rolling stock, ocean transport vessels, aircraft, equipment and, others; revenues from derivative commodity instruments and derivative financial instruments held for trading purposes; revenues from FVTPL investments; and revenues from financing. See accounting policies for *Leasing* and *Derivative instruments and hedging activities* for revenue recognition policies regarding leasing and derivative transactions, respectively.

Income taxes

Income taxes comprise current taxes and deferred taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and their tax bases, tax loss carryforwards and tax credit carryforwards. These deferred income taxes are measured using the currently enacted or substantively enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Deferred tax assets are recognized except for cases where such deferred tax assets are not deemed to be recoverable.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and equity accounted investees, unless the companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are applicable to the expected manner of recovery or settlement by management.

Upon the introduction of the Expansion of the Petroleum Resource Rent Tax Act in Australia, companies are allowed to elect to use market value as a starting base for transitional projects existing at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. The Company's Australian subsidiaries and equity accounted investees apply the market value approach. The Petroleum Resource Rent Tax is regarded as an income tax subject to tax effect accounting in accordance with IAS 12 "Income Taxes" and deferred tax assets have been recognized for the operating assets based on the differences in book values for financial reporting purposes and their tax bases except for the portion that is deemed not to be recoverable. In determining recoverability, several tax deductible items such as royalties and the impact of future augmentation, which will be incurred on tax losses carried forward in the Petroleum Resource Rent Tax, have been considered.

The companies recognize uncertain tax positions in income taxes in the consolidated financial statements if it is not probable that the taxation authority will accept an uncertain tax treatment.

Earnings per share

Basic earnings per share attributable to owners of the parent are computed by dividing profit for the year attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. Diluted earnings per share attributable to owners of the parent reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

VI. STANDARDS AND INTERPRETATIONS NEWLY APPLIED

The companies applied the following new standards for the Consolidated Financial Statements from April 1, 2019.

IFRS	Title	Summary
IFRS 16	Leases	Fundamental amendment of accounting for lease transactions

IFRS 16 “Leases”

In adopting IFRS 16, the companies recognized lease liabilities in relation to leases as a lessee, which had previously been classified as operating leases under the principles of IAS 17 “Leases”. These liabilities are measured at the present value discounted using the group’s incremental borrowing rate as of April 1, 2019, and are presented as “long-term debt” (including current portion). The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 2.6%. The associated rights-of-use assets are measured either at the carrying amount as if the Standard had been applied since the commencement date or at the amount equal to the lease liability, and are presented as “Property, plant and equipment”.

In transitioning to IFRS 16, the practical expedient was chosen, the companies have adopted this standard to contracts that were previously identified as leases under the principles of IAS 17 and IFRIC 4 “Determining whether an Arrangement Contains a Lease” (hereinafter referred to as “IFRIC 4”) without reassessing whether a contract is, or contains, a lease at the date of initial application. The companies have not adopted this standard to contracts that were not previously identified as containing a lease under the principles of IAS 17 and IFRIC 4.

The cumulative effects due to the application of this standard were recognized on the commencement date of adoption in accordance with the transitional arrangements, the retrospective restatement of prior periods have not been applied.

The following is a reconciliation of future minimum payments under non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the Consolidated Statement of financial position at the date of initial application.

	April 1, 2019 Millions of yen
Future minimum lease payments under non-cancellable operating lease as of March 31, 2019	313,317
Extension options that the lessee is reasonably certain to exercise that option, termination options that the lessee is reasonably certain not to exercise that option, and others	10,043
Lease liability recognized as at April 1, 2019 on adoption of IFRS16 (undiscounted)	323,360
Discounted using incremental borrowing rate	(51,039)
Lease liability recognized as at April 1, 2019 on adoption of IFRS16 (discounted)	272,321
Finance lease liabilities recognized as at March 31, 2019	67,140
Lease liabilities recognized as at April 1, 2019	339,461

Right-of-use assets newly recognized at the date of initial application in the Consolidated Statement of financial position were ¥257,624 million.

In applying IFRS 16 for the first time, the companies have used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the reliance on assessment of whether leases are onerous applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” immediately before the date of initial application as an alternative to performing an impairment review
- the accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

VII. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new standards, interpretations, and amendments that have been issued as of the date of the approval of the Consolidated Financial Statements which the companies have not yet applied as of March 31, 2020 are as follows.

IFRS	Title	Reporting periods beginning on or after which the applications are required	Reporting periods of the application by the companies (Reporting period ended)	Summaries of new IFRS and amendments
IFRS 3	Business Combinations (amended in October 2018)	January 1, 2020	March 31, 2021	Amendment of definition of a business
IFRS 17	Insurance Contracts	January 1, 2021	March 31, 2022	Fundamental amendment of accounting for insurance contracts

Impacts from the application of IFRS 3 "Business Combinations" amended in October 2018 on the Consolidated Financial Statements will be immaterial.

The potential impacts that application of IFRS 17 "Insurance Contracts" will have on the consolidated financial statements cannot be reasonably estimated at this time.

3. BUSINESS COMBINATIONS

For the year ended March 31, 2020

No material business combinations were completed during the year ended March 31, 2020.

For the year ended March 31, 2019

Oil and Gas Company in Australia

The Company made a takeover bid for all of the issued shares of AWE Limited ("AWE"). On April 4, 2018, the bid was declared unconditional, as the Company satisfied the 50.1% minimum acceptance condition, and the bid was completed on May 2, 2018. The number of Target Shares accepted was 610,500,574 shares (percentage of total issued shares: 96.48%).

The Company has commenced the compulsory acquisition of all the remaining Target Shares to delist AWE from the Australian Securities Exchange ("ASX") by performing the necessary procedures in accordance with ASX rules and relevant regulations in Australia. Those procedures were completed on May 28, 2018, and the total consideration paid was ¥49,568 million (A\$601 million). AWE belongs to the energy industry focusing on oil and gas. Mitsui acquired AWE to invest in high-quality oil and gas assets in Australia as well as to obtain an operational platform for extending its business in the Australian oil and gas sector.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

	Millions of Yen	
Current assets	¥	2,384
Property, plant and equipment		59,910
Other non-current assets		5,577
Total assets acquired	¥	67,871
Current liabilities.....		(2,050)
Non-current liabilities		(16,253)
Total liabilities assumed	¥	(18,303)
Net assets acquired	¥	49,568

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net cash outflow in cash flows from investing activities of ¥48,240 million arising from the

above business combination is included in “Acquisition of subsidiaries or other businesses” in the Consolidated Statements of Cash Flows for the year ended March 31, 2019.

Real Estate Business in the U.S.

The Company acquired senior living properties and their operations from the current operators, West Living LLC. The acquisition was completed through MBK Real Estate LLC (“MRE”) on July 6, 2018. The total consideration paid was ¥28,673 million (US\$256 million).

The acquired properties are geographically close to locations currently owned/managed by MRE, allowing it to operate efficiently. Acquiring the properties is consistent with our strategic plan to address the increasing demands for U.S. senior housing.

The purchase price allocation has been completed. The following table summarizes the fair values of the assets acquired and liabilities at the acquisition date:

	Millions of Yen	
Property, plant and equipment	¥	41,417
Other non-current assets		1,449
Total assets acquired	¥	42,866
Non-current liabilities		(14,193)
Total liabilities assumed	¥	(14,193)
Net assets acquired	¥	28,673

Pro forma results of operations for the preceding business combination have not been presented because the effects were not material to the consolidated financial statements. A net cash outflow in cash flows from investing activities of ¥28,673 million arising from the preceding business combination is included in “Acquisition of subsidiaries or other businesses” in the Consolidated Statements of Cash Flows for the year ended March 31, 2019.

4. CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries

Major consolidated subsidiaries as of March 31, 2020 were as follows:

Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of voting shares (%)
Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	70.0
Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Mitsui Iron Ore Corporation Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile	Netherlands Amsterdam	100.0
Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia Brisbane	100.0
Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan Tokyo	74.3
Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands Amsterdam	100.0
MBK USA Commercial Vehicles Inc.	Investment in full-service truck leasing, rental and logistics business	U.S.A. Wilmington	100.0
MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan Tokyo	100.0
Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A. New York	100.0

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

There is no significant gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries during the years ended March 31, 2020 and 2019.

Unconsolidated Structured Entities (Unconsolidated SEs)

The companies are involved with SEs, established for the purpose of financing projects such as, those related to oil and gas, by providing guarantees or loans to the SEs. These SEs provide financing for customers located principally in Latin America in the form of leases and loans. The entities are financed mainly by bank borrowings and issuance of stock.

The total assets of SEs that the companies are involved with, the carrying amounts of assets and liabilities in the Consolidated Statements of Financial Position that relate to the companies' interests in the SEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the SEs as of March 31, 2020 and 2019 were as follows:

March 31, 2020:

Millions of Yen			
Assets and liabilities that relate to interests in SEs			
Total assets of SEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 1,197,279	¥ 65,575	-	¥ 65,575

March 31, 2019:

Millions of Yen

Assets and liabilities that relate to interests in SEs			
Total assets of SEs	Carrying amounts		Maximum exposure to loss
	of assets	of liabilities	
¥ 1,100,961	¥ 59,377	-	¥ 59,850

Note: The assets that relate to the companies' interests in the SEs are mainly "Other investments" and "Trade and other receivables."

The amount of maximum exposure to loss represents a loss that the companies could incur from financial difficulties of the customers. The amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the SEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss that relates to the companies' interests in the SEs represents the amounts of investments, loans and guarantees provided by the companies to the SEs as of March 31, 2020 and 2019, respectively.

The companies did not provide any financial support to the SEs for the years ended March 31, 2020 and 2019.

Consolidated Structured Entities (Consolidated SEs)

There is no material consolidated SE as of March 31, 2020 and 2019.

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Primary investees over which the companies have the ability to exercise significant influence despite ownership percentage of less than 20% are as follows:

The companies are the second largest shareholder group, owning 16.47% of Penske Automotive Group, Inc. ("PAG"). The companies entered into a shareholders agreement with the largest shareholder group owning 43.54% of PAG's voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in PAG's decision-making processes.

One of the consolidated subsidiaries is one of the second largest shareholders, owning 16.60% of Cameron LNG Holdings, LLC ("Cameron"). The investment in Cameron is accounted for under the equity method in consideration of following factors. The Company entered into a shareholders agreement with the largest shareholder owning 50.20% of Cameron's voting shares and other shareholders. Based on the agreement, the Company has ability to exercise significant influence over operating and financial policies through representation on board. In addition to this, other consolidated subsidiary entered into a significant agreement with Cameron's subsidiary.

The carrying amount of the investments accounted for using the equity method for the years ended March 31, 2020 and 2019, consisted of the following:

Millions of Yen			
	2020	2019	
Associated companies	¥ 1,774,437	¥ 1,888,344	
Joint ventures	1,106,521	1,087,330	
Total	¥ 2,880,958	¥ 2,975,674	

Share of profit and other comprehensive income of the equity accounted investees for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Profit (loss) for the year		
Associated companies	¥ 170,706	¥ 152,353
Joint ventures	98,526	103,014
Total	¥ 269,232	¥ 255,367
Other comprehensive income (loss)		
Associated companies	¥ (131,485)	¥ (19,700)
Joint ventures	(85,097)	24,381
Total	¥ (216,582)	¥ 4,681
Total comprehensive income (loss)	¥ 52,650	¥ 260,048

Dividends received from the equity accounted investees for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Associated companies	¥ 131,693	¥ 121,908
Joint ventures	77,835	87,114
Total	¥ 209,528	¥ 209,022

The carrying value of the investments accounted for using the equity method exceeded the companies' equity in the underlying net assets of those companies. The amounts of such excess value for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Associated companies	¥ 378,818	¥ 416,898
Joint ventures	106,748	126,869
Total	¥ 485,566	¥ 543,767

The amount of excess value is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments mainly relate to property, plant and equipment, intangible assets which consist primarily of equipment and fixtures, customer relationship and trademark rights, and depreciable assets are amortized over their respective estimated useful lives using either the straight-line or the unit-of-production method.

Investments in common stock of publicly-traded associated companies include marketable equity securities carried at ¥536,028 million and ¥560,576 million at March 31, 2020 and 2019, respectively. Corresponding aggregate quoted market values were ¥565,399 million and ¥701,954 million, respectively. There was no investment in common stock of publicly-traded joint venture.

The amounts of impairment losses on investments in equity accounted investees for the years ended March 31, 2020 and 2019 were ¥5,582 million and ¥4,483 million, respectively, and included in "Gain(loss) on securities and other investments - net" in the Consolidated Statement of Income.

The amounts of outstanding balances of assets and liabilities in the equity accounted investees for the years ended March 31, 2020 and 2019 were as follows:

The assets mainly consisted of trade receivables, loans and other investments and the liabilities mainly consisted of trade payables and loan payables.

		Millions of Yen						
		2020		2019				
		Assets	Liabilities	Assets	Liabilities			
Associated companies	¥	151,434	¥	65,398	¥	160,941	¥	69,713
Joint ventures		159,951		42,585		173,776		36,326
Total	¥	311,385	¥	107,983	¥	334,717	¥	106,039

In relation to the Company's liquefaction business in the United States, a wholly-owned subsidiary of the Company has secured four million tons per annum of LNG tolling capacity for 20 years following the inception of production of LNG in 2019, for which it will pay a tolling service fee under a natural gas tolling liquefaction agreement with Cameron LNG LLC, a subsidiary of Cameron LNG Holdings LLC, an associate of the Company.

The Company has completed the procurement of eight LNG ships intended to be used for the delivery of LNG mainly to its customers in Japan.

Among the time charter contracts for the eight ships, seven ships including contracts for five ships with ship-owning companies in which the Company has investments accounted for as joint ventures, have already been delivered to the Company, and those time charter have commenced simultaneously.

The total residual hire amount for the eight ships is approximately ¥570 billion. Corresponding to most of the costs from the above tolling and transportation contracts, the Company also entered into long term LNG sales contracts with customers mainly in Japan.

The companies' revenues and purchases in cost of revenues from the equity accounted investees for the years ended March 31, 2020 and 2019 were as follows:

		Millions of Yen			
		2020		2019	
Revenues					
Associated companies	¥		73,789	¥	76,234
Joint ventures			83,959		78,513
Total	¥		157,748	¥	154,747
Purchases					
Associated companies	¥		137,639	¥	135,244
Joint ventures			114,312		69,416
Total	¥		251,951	¥	204,660

6. SEGMENT INFORMATION

IFRS 8 “Operating Segments” requires disclosure of financial and descriptive information regarding operating segments, which are components of an entity whose operating results are regularly reviewed by the entity’s chief operating decision-maker in deciding resources to be allocated to the segments and assessing their performance.

The Company is operated through business units, determined based on their products and services, which plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their affiliated companies in collaboration with the business units. The Company’s decision-making regarding business resource allocation and its performance assessment are based on the business results obtained by the components where the regional business units were consolidated by the products and services. Therefore, the companies’ operating segments are product operating segments comprised of the business units of the Head Office where the regional business units were consolidated by the products and services.

The companies’ operating segments have been aggregated into reportable segments based on the similarities in the nature of the products and services, the production processes, the type of customer, the methods used for distribution, and the regulatory environments surrounding their businesses, along with the similarities in the economic characteristics based on the profitability indicators using Gross Profit, Profit (Loss) for the Year Attributable to Owners of the parent, etc.

The reportable segments (including the regional business units consolidated by the product and service) of the Company are as follows:

“Iron & Steel Products” consists of the Iron & Steel Products Business Unit. This segment manufactures, sells and trades iron & steel products in Japan and abroad.

“Mineral & Metal Resources” consists of the Mineral & Metal Resources Business Unit. This segment is engaged in overseas development of iron and non-ferrous metal resources, and produces, sells and trades raw materials and metal products in Japan and abroad.

“Energy” consists of the Energy Business Units I and II. This segment is engaged in overseas development of oil and gas resources, and manufactures, sells and trades oil, gas, coal and related products in Japan and abroad.

“Machinery & Infrastructure” consists of the Infrastructure Projects Business Unit, the Mobility Business Unit I and the Mobility Business Unit II. This segment is engaged in manufacturing, sales and trading, leasing and financing of plant and machinery, as well as infrastructure businesses such as power generation in Japan and abroad.

“Chemicals” consists of the Basic Materials Business Unit, the Performance Materials Business Unit, and the Nutrition & Agriculture Business Unit. This segment manufactures, sells and trades chemical products and living & environmental materials in Japan and abroad.

“Lifestyle” consists of the Food Business Unit, the Food & Retail Management Business Unit and the Healthcare & Service Business Unit. This segment manufactures, sells, and trades foods and consumer products, and engages in healthcare in Japan and abroad.

“Innovation & Corporate Development” consists of the IT & Communication Business Unit and the Corporate Development Business Unit. This segment engages in information and communication, logistics, insurance, finance, real estate and media businesses in Japan and abroad.

The companies’ operating segment information and geographic area information for the years ended March 31, 2020 and 2019 were as follows:

Segment information

Year ended March 31, 2020:	Millions of Yen							
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 250,090	¥ 1,075,179	¥ 893,697	¥ 911,766	¥ 1,544,220	¥ 2,018,062	¥ 185,385	¥ 6,878,399
Gross Profit.....	¥ 24,554	¥ 225,966	¥ 141,537	¥ 134,182	¥ 116,757	¥ 134,924	¥ 60,099	¥ 838,019
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 13,121	¥ 59,152	¥ 45,899	¥ 87,684	¥ 11,540	¥ 34,996	¥ 16,984	¥ 269,376
Profit (Loss) for the Year Attributable to Owners of the Parent.....	¥ 4,749	¥ 183,273	¥ 59,735	¥ 87,457	¥ 22,332	¥ 32,034	¥ 14,568	¥ 404,148
Total Assets at March 31, 2020.....	¥ 539,599	¥ 1,921,883	¥ 2,549,163	¥ 2,377,070	¥ 1,217,737	¥ 1,907,621	¥ 1,198,286	¥ 11,711,359
Investments accounted for using the equity method at March 31, 2020.....	¥ 249,208	¥ 388,353	¥ 345,725	¥ 899,119	¥ 165,063	¥ 613,307	¥ 210,734	¥ 2,871,509
Core Operating Cash Flow.....	¥ 2,588	¥ 244,789	¥ 221,018	¥ 95,158	¥ 38,254	¥ 37,256	¥ 8,644	¥ 647,707
Capital additions to Non-current assets.....	¥ 991	¥ 52,602	¥ 71,249	¥ 73,031	¥ 21,356	¥ 25,947	¥ 36,160	¥ 281,336
Depreciation and amortization	¥ 1,376	¥ 36,329	¥ 116,453	¥ 21,697	¥ 21,544	¥ 27,342	¥ 11,691	¥ 236,432

Year ended March 31, 2020:	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 8,032	¥ (1,398)	¥ 6,885,033
Gross Profit.....	¥ 1,010	¥ 394	¥ 839,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 179	¥ (323)	¥ 269,232
Profit (Loss) for the Year Attributable to Owners of the Parent.....	¥ (4,995)	¥ (7,640)	¥ 391,513
Total Assets at March 31, 2020.....	¥ 7,142,647	¥ (7,047,714)	¥ 11,806,292
Investments accounted for using the equity method at March 31, 2020.....	¥ 12,091	¥ (2,642)	¥ 2,880,958
Core Operating Cash Flow.....	¥ (26,071)	¥ 256	¥ 621,892
Capital additions to Non-current assets.....	¥ 29,906	¥ -	¥ 311,242
Depreciation and amortization	¥ 19,692	¥ 1	¥ 256,125

Year ended March 31, 2019: (As restated)	Millions of Yen							
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 247,383	¥ 1,055,801	¥ 707,978	¥ 904,641	¥ 1,788,176	¥ 2,038,952	¥ 209,540	¥ 6,952,471
Gross Profit.....	¥ 27,237	¥ 175,602	¥ 134,030	¥ 130,743	¥ 147,956	¥ 141,768	¥ 78,649	¥ 835,985
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 16,200	¥ 59,331	¥ 40,329	¥ 87,476	¥ 14,328	¥ 26,384	¥ 13,123	¥ 257,171
Profit for the Year Attributable to Owners of the Parent.....	¥ 9,851	¥ 167,209	¥ 95,723	¥ 78,428	¥ 5,157	¥ 36,309	¥ 21,991	¥ 414,668
Total Assets at March 31, 2019.....	¥ 606,557	¥ 2,222,894	¥ 2,425,363	¥ 2,450,551	¥ 1,337,737	¥ 2,006,139	¥ 971,833	¥ 12,021,074
Investments accounted for using the equity method at March 31, 2019.....	¥ 255,077	¥ 428,694	¥ 272,780	¥ 975,917	¥ 169,954	¥ 646,464	¥ 220,838	¥ 2,969,724
Core Operating Cash Flow.....	¥ 5,879	¥ 181,451	¥ 219,064	¥ 73,970	¥ 31,020	¥ 24,673	¥ 19,836	¥ 555,893
Capital additions to Non-current assets.....	¥ 540	¥ 38,266	¥ 114,723	¥ 81,131	¥ 35,433	¥ 24,894	¥ 22,604	¥ 317,591
Depreciation and amortization	¥ 1,148	¥ 37,041	¥ 88,009	¥ 15,484	¥ 19,086	¥ 12,186	¥ 6,930	¥ 179,884

Year ended March 31, 2019: (As restated)	Millions of Yen		
	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 5,079	¥ (26)	¥ 6,957,524
Gross Profit.....	¥ 2,878	¥ (396)	¥ 838,467
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 110	¥ (1,914)	¥ 255,367
Profit for the Year Attributable to Owners of the Parent.....	¥ 529	¥ (982)	¥ 414,215
Total Assets at March 31, 2019.....	¥ 7,044,713	¥ (7,120,008)	¥ 11,945,779
Investments accounted for using the equity method at March 31, 2019.....	¥ 8,765	¥ (2,815)	¥ 2,975,674
Core Operating Cash Flow.....	¥ 3,886	¥ 10,742	¥ 570,521
Capital additions to Non-current assets.....	¥ 8,616	¥ -	¥ 326,207
Depreciation and amortization	¥ 6,438	¥ -	¥ 186,322

- (Notes) 1. “All Other” includes the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of “All Other” at March 31, 2019 and March 31, 2020 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.
2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Year Attributable to Owners of the parent of “Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Core Operating Cash Flow is calculated by eliminating the sum of the “Changes in operating assets and liabilities” from “Cash flows from operating activities” as presented in the Consolidated Statements of Cash Flows.
5. During the year ended March 31 2020, due to the organizational restructuring with the aim of further strengthening of business, materials business and real estate business which were formerly included in "Lifestyle" segment are included in "Chemicals" segment and "Innovation & Corporate Development" segment respectively. In accordance with these changes, the segment information for the year ended March 31, 2019 has been restated to conform to the current year presentation .
6. The description order of reporting segments has been changed in the segment information for the year ended March 31, 2020, and this change was also applied to the year ended March 31, 2019.

Geographic area information

	Millions of Yen					
	Japan	United States	Singapore	Australia	All Other	Consolidated Total
Year ended March 31, 2020:						
Revenue	¥ 3,507,548	¥ 655,826	¥ 652,804	¥ 520,467	¥ 1,548,388	¥ 6,885,033
Year ended March 31, 2019:						
Revenue	¥ 3,829,599	¥ 761,314	¥ 572,772	¥ 445,991	¥ 1,347,848	¥ 6,957,524

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen						
	Japan	United States	Australia	Italy	Thailand	All Other	Consolidated Total
At March 31, 2020:							
Non-current assets	¥ 855,598	¥ 530,232	¥ 517,809	¥ 205,288	¥ 107,462	¥ 432,764	¥ 2,649,153
At March 31, 2019:							
Non-current assets	¥ 462,349	¥ 530,154	¥ 596,179	¥ 214,508	¥ 145,622	¥ 422,948	¥ 2,371,760

Note: Financial instruments and deferred tax assets are excluded from Non-current assets.

There were no individual material customers with respect to revenues for the years ended March 31, 2020 and 2019.

7. RECEIVABLES AND RELATED ALLOWANCES

Credit risk

In recognizing and measuring the loss allowance, the companies categorize financial assets into three stages on the basis of existence of significant increase in the credit risk and credit impairment. However, for trade receivables recognized based on the IFRS15 and contract assets, the loss allowance is measured at an amount equal to the lifetime expected credit loss without assessing whether the credit risk on a financial asset has increased significantly since initial recognition.

Stage1: Financial instruments for which the credit risk has not increased significantly since initial recognition.

Stage2: Financial instruments for which the credit risk has increased significantly since initial recognition, but no credit impairment is indicated.

Stage3: Credit-impaired financial assets

As for credit risk management, please refer to NOTE8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS”.

Changes in loss allowance

The analysis of the changes in loss allowance is as follows

Millions of Yen

Year ended March 31, 2020:	Trade and other receivables				Other financial assets			Total
	<u>Stage1</u> Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances are always measured at an amount equal to lifetime expected credit losses	<u>Stage2</u> Financial assets for which the related credit risk has increased significantly since initial recognition	<u>Stage3</u> Credit-impaired financial assets	<u>Stage1</u> Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	<u>Stage2</u> Financial assets for which the related credit risk has increased significantly since initial recognition	<u>Stage3</u> Credit-impaired financial assets	
Balance as at April 1, 2019	5,817	7,155	698	26,855	1,709	876	19,211	62,321
Change during the year (Recognition and derecognition)	1,631	(3,422)	(41)	2,266	(212)	1,337	3,174	4,733
Decrease during the year (charge-offs)	(10)	(38)	(14)	(328)	(20)	-	(1,270)	(1,680)
Others (*)	(447)	527	(162)	(7,280)	(260)	(558)	6,759	(1,421)
Balance as at March 31, 2020	6,991	4,222	481	21,513	1,217	1,655	27,874	63,953

* “Others” principally includes the effect of changes in foreign exchange rates.

** Provision related to Multigrain Business in the process of liquidation is not included .

***In addition to those shown in the table above, Recognition and balance of provision for financial assets that are purchased or originated credit-impaired for the year ended March 31, 2020 were ¥12,224 million and ¥12,558 million respectively.

Millions of Yen

Year ended March 31, 2019:	Trade and other receivables				Other financial assets			Total
	<u>Stage1</u> Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances are always measured at an amount equal to lifetime expected credit losses	<u>Stage2</u> Financial assets for which the related credit risk has increased significantly since initial recognition	<u>Stage3</u> Credit-impaired financial assets	<u>Stage1</u> Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	<u>Stage2</u> Financial assets for which the related credit risk has increased significantly since initial recognition	<u>Stage3</u> Credit-impaired financial assets	
Balance as at April 1, 2018 based on the IAS39								57,563
The impact of the application of IFRS9								1,062
Balance as at April 1, 2018 based on the IFRS9	4,860	6,537	564	27,035	1,069	186	18,374	58,625
Change during the year (Recognition and derecognition)	1,033	955	145	736	655	758	2,545	6,827
Decrease during the year(charge-offs)	(33)	(158)	-	(597)	-	(1)	(1,671)	(2,460)
Others (*)	(43)	(179)	(11)	(319)	(15)	(67)	(37)	(671)
Balance as at March 31, 2019	5,817	7,155	698	26,855	1,709	876	19,211	62,321

* “Others” principally includes the effect of changes in foreign exchange rates.

**Provision related to Multigrain Business in the process of liquidation is not included .

Financial assets for which loss allowance is recognized

The carrying amount (before deducting loss allowance for expected credit losses) of the financial assets for which loss allowance is recognized is followings.

Millions of Yen

Year ended March 31,2020:	Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances are always measured at an amount equal to lifetime expected credit losses	Financial assets for which the related credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Trade and other receivables	424,620	1,223,073	3,433	39,251	1,690,377
Other financial assets	477,243	-	48,277	65,189	590,709
Total	901,863	1,223,073	51,710	104,440	2,281,086

Millions of Yen

Year ended March 31,2019: (As restated)	Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances are always measured at an amount equal to lifetime expected credit losses	Financial assets for which the related credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Trade and other receivables	<u>354,884</u>	<u>1,496,532</u>	<u>6,820</u>	39,552	<u>1,897,788</u>
Other financial assets	<u>535,299</u>	-	57,677	29,590	<u>622,566</u>
Total	<u>890,183</u>	<u>1,496,532</u>	<u>64,497</u>	69,142	2,520,354

Millions of Yen

Year ended March 31,2019: (As previously reported)	Financial assets for which the related loss allowance are measured at an amount equal to 12-month expected credit losses	Financial assets for which the related loss allowances are always measured at an amount equal to lifetime expected credit losses	Financial assets for which the related credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Trade and other receivables	<u>447,903</u>	<u>1,308,943</u>	<u>7,594</u>	39,552	<u>1,803,992</u>
Other financial assets	<u>629,095</u>	-	57,677	29,590	<u>716,362</u>
Total	<u>1,076,998</u>	<u>1,308,943</u>	<u>65,271</u>	69,142	2,520,354

Note the above underlined amounts of the financial assets for which loss allowance is recognized for the year ended March 31, 2019 have been restated due to correction of immaterial error.

In addition to those shown in the table above, financial assets that are purchased or originated credit-impaired as of March 31, 2020 and 2019 were ¥36,656 million and ¥34,747 million respectively.

The financial assets' carrying amount stated on the consolidated financial statements represent the maximum exposure.

There is no financial asset that was written off during the reporting period and is still subject to enforcement activity.

Credit enhancement

In estimation the loss allowance, the amount of obtained collateral such as properties, mortgages, securities, commercial goods, etc., is deducted as credit enhancement from the amount of the financial assets for which the loss allowance is recognized.

The following table shows the status of credit enhancement on credit-impaired financial assets.

	Credit enhancements related to the credit-impaired financial assets	
	Millions of Yen	
	Year ended March 31	
	2020	2019
Trade and other receivables	5,053	5,527
Other financial assets	58	151
Total	5,111	5,678

8. DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS

(1) Trade and other receivables, and other financial assets

Trade and other receivables, and other financial assets as of March 31, 2020 and 2019 were measured at amortized cost and FVTPL, except for derivative assets, and consisted of the following:

	Millions of Yen	
	2020	2019
Current		
Trade and other receivables		
Accounts and notes	¥ 1,494,438	¥ 1,670,074
Lease receivables	10,602	10,934
Loans	133,154	135,669
Other financial assets		
Time deposits	5,053	10,197
Accounts receivable-other	88,481	98,143
Derivative assets	381,227	89,891
Other	88,138	56,276
Loss allowances	¥ (15,693)	¥ (12,450)
Total	¥ 2,185,400	¥ 2,058,734
Non-current		
Trade and other receivables		
Accounts and notes	¥ 65,494	¥ 76,234
Lease receivables	49,320	50,143
Loans	368,427	382,303
Other financial assets		
Time deposits	871	466
Accounts receivable-other	22,523	8,030
Derivative assets	120,424	104,574
Other	42,192	41,816
Loss allowances	¥ (60,818)	¥ (49,871)
Total	¥ 608,433	¥ 613,695

Note: "Non-current Loans" includes a loan to equity method investee/associate whose interest payment is based on its borrower's performance. It is measured at FVTPL, whose carrying amount is on Note 24.

Receivable from accounted equity investees included in trade and other receivables carried at ¥253,511 million and ¥268,542 million at March 31, 2020 and 2019, respectively.

(2) Other investments

The carrying amounts of other investments as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Other investments		
Financial assets measured at FVTPL	¥ 130,504	¥ 138,807
Financial assets measured at FVTOCI	1,316,813	1,771,567
Amortized cost	37,105	37,191
Total	¥ 1,484,422	¥ 1,947,565

Note: Preferred stock issued by equity method investees, which was included in financial assets measured at FVTOCI as of March 31, 2020 and 2019, were ¥46,004 million and ¥38,832 million, respectively.

Financial assets measured at FVTOCI which were included in other investments

The fair value of financial assets measured at FVTOCI as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Marketable	¥ 645,455	¥ 1,008,710
Non-marketable	671,358	762,857
Total	¥ 1,316,813	¥ 1,771,567

The fair value of major items of these marketable financial assets measured at FVTOCI as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
VALE S.A.	¥ 259,325	¥ 414,823
Seven & i Holdings Co., Ltd.	58,296	68,058
Recruit Holdings Co., Ltd.	33,552	85,347
GOLDWIN INC.	26,292	35,202
INPEX CORPORATION	15,649	32,640
Sims Metal Management Ltd.	13,508	28,173
MODEC, INC.	10,962	26,420
KATO SANGYO CO., LTD	10,736	11,508
TOYOTA MOTOR CORPORATION	9,752	9,731
J-OIL MILLS, INC.	9,599	8,654
YAMATO KOGYO CO., LTD.	8,478	13,810
Yamaha Motor Co., Ltd.	7,126	18,640
Mitsui Chemicals, Inc.	7,126	9,281
Nihon Unisys, Ltd.	7,084	7,179
TORAY INDUSTRIES, INC.	6,461	9,738
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	6,449	8,687
Nippon Flour Mills Co., Ltd.	5,650	6,363
Mitsui Fudosan Co., Ltd.	5,612	8,348
Showa Sangyo Co., Ltd.	4,943	4,617
MS & AD Insurance Group Holdings, Inc.	4,304	4,795

Non-marketable financial assets measured at FVTOCI were mainly composed of investments in six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) and mineral & metal resources projects, including the Jimblebar iron ore project.

The fair value of investments in the six LNG projects as of March 31, 2020 and 2019 were ¥316,529 million and ¥420,624 million, respectively.

The fair value of the main investments in the mineral & metal resources projects, including the Jimblebar iron ore project, as of March 31, 2020 and 2019 were ¥100,447 million and ¥116,426 million, respectively.

Derecognized financial assets measured at FVTOCI

The fair value, gains and losses, and dividends income related to financial assets measured at FVTOCI which were derecognized because of review of business strategy as of March 31, 2020 and 2019 were as follows:

	Millions of Yen			
	2020		2019	
Fair value of the financial assets at the date of derecognition	¥	91,196	¥	35,778
Cumulative gains and losses on disposition	¥	63,151	¥	10,452
Dividends received from derecognized financial assets	¥	1,451	¥	829

With respect to financial assets measured at FVTOCI, gains and losses on disposition (after income tax effect) recorded as other components of equity at the date of derecognition were transferred to retained earnings. The amounts transferred were ¥45,320 million and ¥6,502 million for the years ended March 31, 2020 and 2019, respectively.

(3) Gain (loss) on securities and other investments-net

Gain (loss) on securities and other investments-net for the years ended March 31, 2020 and 2019 resulted from disposal of investment in subsidiaries and associated companies and others.

Gains (losses) related to financial assets measured at FVTPL ("FVTPL gains (losses)") for the year ended March 31, 2020 and 2019 were ¥(10,600) million and ¥11,342 million, respectively included in "Revenue" in the Consolidated Statements of Income.

(4) Finance income and costs

The finance income and finance costs for the years ended March 31, 2020 and 2019 that the companies recognized were as follows:

	Millions of Yen			
	2020		2019	
Interest income				
Amortized cost	¥	45,081	¥	46,777
Derivatives		(3,708)		(3,401)
Total	¥	41,373	¥	43,376
Dividend income				
Financial assets measured at FVTOCI	¥	96,526	¥	105,922
Interest expense				
Amortized cost	¥	(94,330)	¥	(85,187)
Derivatives		4,692		5,071
Total	¥	(89,638)	¥	(80,116)

In addition to those shown in the table above, interest income of ¥37,273 million and ¥33,056 million on financial assets measured at amortized cost were included in "Revenue" and interest expenses of ¥10,453 million and ¥8,947 million on financial liabilities measured at amortized cost were included in "Cost" for the years ended March 31, 2020 and 2019, respectively, mainly related to the retail finance business.

Fee income and expenses arising from financial assets measured at amortized cost are immaterial.

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

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximate their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

The fair values of non-current financial instruments as of March 31, 2020 and 2019 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			
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost.....	¥ 37,105	¥ 37,553	¥ 37,191	¥ 37,401
Non-current receivables				
Trade and other receivables and other financial assets (*).....	¥ 608,433	¥ 608,433	¥ 613,695	¥ 613,695
Non-current liabilities				
Long-term debt, less current portion and other financial liabilities (*)	¥ 4,334,497	¥ 4,399,197	¥ 3,881,152	¥ 3,949,398

(*) The fair values of other financial assets and other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debt includes borrowings and bonds payable. Fair values of trade and other receivables classified as Level 3 were ¥235,039 million and ¥236,409 million as of March 31, 2020 and 2019, respectively. Their valuation is based on significant unobservable inputs such as credit spreads, default probabilities, and estimated loss rates on individual receivables using the discounted cash flow method. Items other than said loans and certain other items are classified as Level 2 as their fair values are measured using the discounted cash flow method based on observable inputs including market interest rates.

(6) Risk-related matters

Capital management

The Company decides the policies to maintain appropriate levels of shareholders' equity, debt and equity balances. It examines the status of execution in terms of stability for capital efficiency as well as financing when the Company acquires high-quality assets to improve enterprise value and utilize existing assets. Shareholders' equity is the total equity attributable to owners of the parent in the Consolidated Statements of Financial Position. The Company also examines the appropriateness of scale of shareholders' equity in terms of it being a risk buffer to maximum exposure to potential losses that could result from a deterioration in the companies' respective businesses.

The key metrics used for capital management are as follows:

- Return on equity (ROE) (*)
- Net Debt-to-Equity Ratio (Net DER) (**)
- Ratio of risk adjusted assets to shareholder's equity (***)

(*) ROE refers to the ratio of profit for the year attributable to the owners of the parent to shareholders' equity. ROEs as of March 31, 2020 and 2019 were 9.7% and 10.1%, respectively.

(**) Net DER refers to the ratio of net interest bearing debt to shareholders' equity. Net interest bearing debt is calculated by subtracting cash and cash equivalents and time deposits from interest bearing debt. From March 31, 2020, interest bearing debt comprises long-term and short-term debt and excludes lease liabilities. Net DERs by this method as of March 31, 2020 and 2019 were 0.91 times and 0.84 times, respectively.

(***) Risk-adjusted assets refers to the maximum loss exposure and is calculated by multiplying assets including trade and other receivables, other investments and fixed assets by risk weights, which the companies have determined individually based on the potential risk of loss.

The Company considers these indicators periodically, and they are used for developing business policy and business judgment. The Company maintains robust a financial foundation and credit rating which is sufficient for business projects. The Company strives to maintain and upgrade its credit rating through the above capital management. The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Companies Act of Japan).

Risk management

- Credit risk

With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the Company. If the credit ratings of the Company are downgraded, the counterparty will require additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.

The companies minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit ratings. Therefore, the companies believe that a significant loss arising from these transactions is extremely unlikely.

As for credit risks of financial instruments other than derivative instruments, the companies manage credit risks through the management of commitment lines of credit approved by an appropriate person with authority and through monitoring past-due status of credit. This management is basically consistent with the stage classification in Note 7 "RECEIVABLES AND RELATED ALLOWANCE" and especially financial instruments classified to Stage3 are focused on monitoring. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.

Concentration of credit risk is minimized as the companies carry out a wide variety of transactions with various customers all over the world and monitor regularly whether the exposure for specific regions or customers is kept in a certain range.

- Liquidity risk

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

The companies secure the liquidity required for our smooth operations and maintain the strength and soundness of our balance sheet by holding sufficient cash and cash equivalents, procuring mainly long-term funds, maintaining lines of credit with banks and commercial paper programs, obtaining commitment lines, utilizing financing programs provided by government financing agencies and/or project financing, utilizing the internal Cash Management Service, in which the companies can procure financing from financing subsidiaries and overseas offices of the Company, and such so that the companies decrease liquidity risk.

The amount of cash and cash equivalents to be hold is closely monitored for securing the liquidity. The companies' liquidity management policy is to satisfy liquidity requirements for the repayment of the debts, comparing the amount of cash and cash equivalents with the maturity profile and the amount of outstanding short-term and long-term debts.

The amounts of outstanding balances as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Cash and cash equivalents.....	¥ 1,058,733	¥ 956,107
Short-term debt.....	297,458	337,028
Current portion of long-term debt.....	399,904	479,390
Long-term debt, less current portion.....	4,229,218	3,809,057

In previous years, the Companies had disclosed the unused lines of credit for bank loans, however, this figure was no longer used for liquidity risk management for the year ended March 31, 2020.

- Market risks

The companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of the Company's operating and other activities.

The companies have formulated market risk management policies and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary

responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge. Regarding interest rate risks, the environment surrounding financial markets, the Company's ratio of assets and liabilities, and the risks of interest rate fluctuations are regularly reported to the executive officers, by whom the risk management policies for interest rate were approved. Stock price risk is managed by analyzing factors of stock price fluctuations.

1) Interest rate risk

The companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect the operating results. The companies have entered into interest rate derivative transactions which consist mainly of interest rate swap agreements and interest rate and currency swap agreements to hedge exposures of certain assets and liabilities. The impacts on profit before income taxes for the years ended March 31, 2020 and 2019, assuming a 100 basis point rise in interest rates as of March 31, 2020 and 2019, were ¥(28,518) million and ¥(27,782) million, respectively. These are calculated by multiplying the balance of floating-rate financial instruments held by the companies as of March 31, 2020 and 2019 by 100 basis points without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant.

The items that are considered to be instruments affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, deposits and other instruments.

2) Foreign currency exchange rate risk

The companies are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. The companies hedge these risks with forward exchange contracts and currency swaps.

For significant long and short net positions denominated in foreign currencies as of March 31, 2020 and 2019, assuming a 1% appreciation of the Yen, the impacts on profit before income taxes would have been ¥286 million from USD, ¥(29) million from BRL and ¥23 million from AUD as of March 31, 2020 and ¥(259) million from USD, ¥(28) million from BRL and ¥(684) million from AUD as of March 31, 2019. Based on the same assumption, the impacts on other comprehensive income would be ¥(310) million from USD, ¥(2,593) million from BRL and ¥(33) million from AUD as of March 31, 2020 and ¥(398) million from USD, ¥(4,148) million from BRL and ¥(222) million from AUD as of March 31, 2019. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of the functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to a decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to an increase in the value of the currency. Foreign currency translation adjustments are not included in the scope of this analysis. In addition, this analysis assumes that all other variables are constant.

3) Commodity price risk

As the companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks associated with commodity prices.

The companies measure the risk of market commodities for which historical price fluctuations have been relatively significant along with actively traded derivatives by using Value at Risk (VaR), which is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidence level. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99 percentile. In addition, the figures do not necessarily take into account correlations between all commodities. VaRs as of March 31, 2020 and 2019 were ¥15,610 million and ¥16,846 million, respectively. The actual results may differ significantly from VaR above as VaR is calculated by using historical fluctuations of each risk component.

4) Stock price risk

The companies invest in listed companies to strengthen ties with customers, suppliers and others, as well as to make various types of propositions to the companies in which the companies invest, to pursue operating revenue. These investments are exposed to stock price risks.

For investments held as of March 31, 2020 and 2019, the impacts on other comprehensive income arising from changes in the fair values assuming a 10% change in the stock index representative of the markets on which the individual stocks are traded were ¥64,764 million and ¥83,456 million, respectively. The impact on profit before taxes is immaterial.

(7) Derivative instruments and hedging accounting

The risk management policies for each risk category of risk exposure for which hedge accounting is applied are provided in Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters”. Regarding foreign currency exchange rate risks and commodity price risks, the companies manage the risk exposure based on limits to positions and losses set by each business unit. Regarding interest rate risks, the companies manage the risk exposure based on approved policies with considering factors such as financial market, asset and debt balances and the risk of interest rate fluctuations.

Foreign currency exchange rate risk

The companies use derivative instruments, such as foreign exchange forward contracts and currency swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency, and long-term financing transactions as part of the companies’ global operations in many countries. The companies also use foreign-currency-denominated debt in order to mainly hedge the foreign currency exposure in the net investment in foreign operations.

Interest rate risk

The companies use derivatives, such as interest rate swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and offset the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk

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

When applying hedge accounting to address the above risk, the companies confirm that there are economic relationships between the hedged items and the hedging instruments through qualitative and quantitative assessments. Qualitative assessments show whether the critical terms of hedging instruments and hedged items match exactly or are closely aligned. Quantitative assessments show fluctuations of value of hedged item and hedging instrument with the same risk offset each other.

Each hedge ratio is determined properly based on an economic relationship between the hedged item and the hedging instrument and the risk management strategy. Expected hedge ineffectiveness including the cases caused by credit risk is immaterial. The decrease in a net investment could cause hedge ineffectiveness in the risk from the foreign currency exchange rate of a net investment in a foreign operation, but the companies manage the risk from the foreign currency exchange rate in order to minimize such hedge ineffectiveness.

In the case the companies designate a specific risk component which is decided based on the risk management strategies for each risk category as a hedged item, the risk component is separately identifiable from the hedged item in its entirety for all risks, and changes in the cash flows or the fair value attributable to the change in the risk component is measured with reliability.

The nominal amounts of the hedging instruments as of March 31, 2020 and 2019 were as follows:

Risk category	Billions of Yen					
	March 31, 2020			March 31, 2019		
	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	¥ 72	¥ 324	¥ 1,445	¥ 65	¥ 270	¥ 1,535
Interest rate	701	415	-	566	414	-
Commodity price	1	71	-	-	49	-
Total nominal amounts	¥ 774	¥ 810	¥ 1,445	¥ 631	¥ 733	¥ 1,535

The effects of hedge accounting on Consolidated Statements of Financial Position

The following tables present Carrying Value of hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2020 and 2019:

		Millions of Yen					
		March 31, 2020			March 31, 2019		
Risk category	Line Item in the Consolidated Statements of Financial Position	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Other financial assets - Current	¥ 221	¥ 5,468	¥ 2,758	¥ 62	¥ 2,308	¥ 564
	Other financial assets - Non-current	-	3,275	12,337	-	2,151	3,759
Interest rate ...	Other financial assets - Current	14	37	-	105	416	-
	Other financial assets - Non-current	65,938	-	-	64,771	3,493	-
Commodity price	Other financial assets - Current	118	13,525	-	-	684	-
	Other financial assets - Non-current	-	262	-	-	117	-
Total		¥ 66,291	¥ 22,567	¥ 15,095	¥ 64,938	¥ 9,169	¥ 4,323

		Millions of Yen					
		March 31, 2020			March 31, 2019		
Risk category	Line Item in the Consolidated Statements of Financial Position	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Current portion of long-term debt	¥ 7,143	¥ -	¥ 193,230	¥ 5,125	¥ -	¥ 141,769
	Other financial liabilities - Current	28	2,777	9,136	-	998	7,075
	Long-term debt, less current position	32,869	-	804,787	35,447	-	914,997
	Other financial liabilities - Non-current	-	1,268	878	51	1,152	2,946
Interest rate ...	Other financial liabilities - Current	-	1,468	-	-	8	-
	Other financial liabilities - Non-current	112	13,632	-	-	1,135	-
Commodity price	Other financial liabilities - Current	-	8,426	-	-	765	-
	Other financial liabilities - Non-current	-	-	-	-	239	-
Total		¥ 40,152	¥ 27,571	¥ 1,008,031	¥ 40,623	¥ 4,297	¥ 1,066,787

Fair value hedge

The following table presents the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position as of March 31, 2020 and 2019, and the accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position:

		Millions of Yen			
		March 31, 2020		March 31, 2019	
Risk Category	Line Item in the Consolidated Statements of Financial Position	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items
Foreign currency exchange rate	Other investments	¥ 163,703	¥ (1,949)	¥ 157,203	¥ (827)
	Current portion of long-term debt	-	-	-	-
Interest rate	Current portion of long-term debt	3,015	15	10,106	106
	Long-term debt, less current position	778,313	85,728	630,135	74,635

The accumulated amounts of fair value hedge adjustments remaining in the Consolidated Statements of Financial Position as of March 31, 2020 and 2019 for any hedged items that have ceased to be adjusted for hedging gains and losses were immaterial.

Cash flow hedge

The following table presents the balance in the cash flow hedges which were recognized by applying the hedge accounting to reduce the risk of volatility of cash flow as of March 31, 2020 and 2019.

		Millions of Yen	
		Balance in the cash flow hedges which were recognized by applying the hedge accounting	
Risk category		March 31, 2020	March 31, 2019
Foreign currency exchange rate.....	¥	1,489	¥ 58
Interest rate.....		(10,446)	787
Commodity price.....		1,501	(70)

The balance in the cash flow hedges from any hedging relationships for which hedge accounting is no longer applied as of March 31, 2020 and 2019 were immaterial.

Hedges of net investments in foreign operations

The following table presents the balance in the foreign currency translation adjustments which were recognized by applying the hedge accounting to reduce the foreign currency exposure in the net investment in foreign operations as of March 31, 2020 and 2019.

		Millions of Yen	
		Balance in the foreign currency translation adjustments which were recognized by applying the hedge accounting	
Risk category	The situation of hedge accounting	March 31, 2020	March 31, 2019
Foreign currency exchange rate ...	Continuing hedges	¥ (57,002)	¥ (120,053)
	Hedging relationships for which hedge accounting is no longer applied	(40,190)	(5,730)
Total		¥ (97,192)	¥ (125,783)

The effects of hedge accounting on the Consolidated Statements of Income and Comprehensive Income

Fair value hedge

The following table presents the change in value of the hedged items and fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the years ended March 31, 2020 and 2019.

		Millions of Yen			
		2020		2019	
Risk category		Change in value of hedged items	Change in fair value of hedging instruments	Change in value of hedged items	Change in fair value of hedging instruments
Foreign currency exchange rate	¥	(1,987)	¥ 2,017	¥ 1,791	¥ (1,872)
Interest rate		(7,521)	7,521	(14,425)	14,425

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the years ended March 31, 2020 and 2019 were immaterial:

- Hedge ineffectiveness recognized in profit for the year.

Cash flow hedge

The following table presents the change in the fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness and the amount which was recognized as the cash flow hedges by applying the hedge accounting for the years ended March 31, 2020 and 2019. The change in value of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

Millions of Yen				
2020				
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the cash flow hedges by applying the hedge accounting	Account which was mainly reclassified from the cash flow hedges	Amount which was reclassified from the cash flow hedges
Foreign currency exchange rate.....	¥ 2,382	¥ 2,388	Other income (expense) - net	¥ 586
Interest rate.....	(16,559)	(16,548)	Interest expense	(592)
Commodity price.....	2,826	1,967	Cost	(845)

Millions of Yen				
2019				
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the cash flow hedges by applying the hedge accounting	Account which was mainly reclassified from the cash flow hedges	Amount which was reclassified from the cash flow hedges
Foreign currency exchange rate.....	¥ 1,235	¥ 1,242	Other income (expense) - net	¥ 236
Interest rate.....	(5,561)	(5,561)	Interest expense	801
Commodity price.....	349	349	Cost	307

The amounts of hedge ineffectiveness which were recognized in profit for the year for the years ended March 31, 2020 and 2019 were immaterial.

Hedges of net investments in foreign operations

The following table presents the change in the fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness and the amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting for the years ended March 31, 2020 and 2019. The changes in values of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

Millions of Yen				
2020				
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting	Account which was mainly reclassified from the foreign currency translation adjustments	Amount which was reclassified from the foreign currency translation adjustments
			Gain (loss) on securities and other investments-net	
Foreign currency exchange rate	¥ 38,705	¥ 39,549		¥ 593

Millions of Yen				
2019				
Risk category	Change in fair value of hedging instruments	Amount which was recognized as the foreign currency translation adjustments by applying the hedge accounting	Account which was mainly reclassified from the foreign currency translation adjustments	Amount which was reclassified from the foreign currency translation adjustments
			Gain (loss) on securities and other investments-net	
Foreign currency exchange rate	¥ (33,616)	¥ (32,875)		¥ 9,375

The amounts of hedge ineffectiveness which were recognized in profit for the year for the years ended March 31, 2020 and 2019 were immaterial.

(8) Offset of financial assets and liabilities

A financial asset and a financial liability including collateral are offset and the net amount is presented in the Consolidated Statements of Financial Position of the Company when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the gross amounts of recognized financial assets and liabilities, amounts of offset, net amounts, amounts not offset despite the existence of a master netting agreement, and exposure on a net basis of derivative assets, derivative liabilities and collateral as of March 31, 2020 and 2019. These amounts of financial assets and liabilities except derivative assets, derivative liabilities and collateral as of March 31, 2020 and 2019 were immaterial.

Millions of Yen

March 31, 2020:

	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	¥ 1,751,149	¥ 1,599,663
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(1,190,410)	(1,190,410)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	560,739	409,253
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(96,425)	(96,425)
Exposure on a net basis	¥ 464,314	¥ 312,828

Millions of Yen

March 31, 2019:

	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	¥ 736,129	¥ 632,507
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(501,950)	(501,950)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	234,179	130,557
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(31,595)	(31,595)
Exposure on a net basis	¥ 202,584	¥ 98,962

Financial assets are included in Other financial assets of Current and Non-current assets, and financial liabilities are included in Other financial liabilities of Current and Non-current liabilities in Consolidated Statements of Financial Position.

The companies normally have the rights to set off which are enforceable only in the event of default, insolvency or bankruptcy of its customers in relation to its recognized financial assets and liabilities where the requirements to set off are not met.

9. LEASES

Lessor

The companies lease real estate, aircraft, ocean transport vessels, rolling stock, equipment and others.

Certain leases of rolling stock, equipment and others are classified as finance leases, and the net investments are included as part of trade and other receivables in the Consolidated Statements of Financial Position.

Other leases are classified as operating leases and the related assets are presented as "Property, plant and equipment" or "Investment property" in the Consolidated Statements of Financial Position.

The following is "Property, plant and equipment" provided for operating leases as of March 31, 2020.

	Millions of Yen 2020
Land and buildings	¥ 147,600
Equipment and fixtures	85,348
Vessels and aircrafts	95,298
Total	¥ 328,246

Consolidated statements of income include lease revenues of ¥69,996 million under operating lease.

The following is a schedule of future minimum lease payments to be received from finance leases as well as the components of the present value as of March 31, 2020 and 2019. The following minimum lease payments as of March 31, 2019 have been reduced by gross investment in the sublease of ¥28,739 million and the present values of future minimum sublease payments to be received of ¥25,798 million. :

	Millions of Yen	
	Gross investment in the lease	The present value of future minimum lease payments to be received
Year ended March 31:	2019	2019
Not later than 1 year	¥ 5,766	¥ 4,484
Later than 1 year and not later than 5 years	11,755	10,515
Later than 5 years	5,123	2,629
Total	¥ 22,644	¥ 17,628
Unearned income	(5,016)	
The present value of future minimum lease payments to be received	¥ 17,628	

	Millions of Yen	
	Gross investment in the lease	The present value of future minimum lease payments to be received
	2020	2020
Year ended March 31:		
Not later than 1 year	¥ 11,314	¥ 10,602
Later than 1 year and not later than 2 years	7,981	6,280
Later than 2 years and not later than 3 years	7,296	5,738
Later than 3 years and not later than 4 years	6,474	5,090
Later than 4 years and not later than 5 years	5,708	4,486
Later than 5 years	35,203	27,726
Total	¥ 73,976	¥ 59,922
Unearned income	(14,054)	
The present value of future minimum lease payments to be received	¥ 59,922	

The following is a schedule of future minimum lease payments to be received under noncancellable operating leases as of March 31, 2020 and 2019. The following minimum lease payments as of March 31, 2019 have been reduced by minimum sublease payments to be received of ¥35,479 million.:

	Millions of Yen	
	2019	
Year ended March 31:		
Not later than 1 year	¥	48,974
Later than 1 year and not later than 5 years		77,102
Later than 5 years		34,931
Total	¥	161,007

	Millions of Yen	
	2020	
Year ended March 31:		
Not later than 1 year	¥	44,052
Later than 1 year and not later than 2 years		29,893
Later than 2 years and not later than 3 years		21,700
Later than 3 years and not later than 4 years		18,026
Later than 4 years and not later than 5 years		13,297
Later than 5 years		47,050
Total	¥	174,018

Lessee

The companies lease real estate, equipment, ocean transport vessels and others.

The consolidated statement of financial position includes the following amounts in relation to leases. Right-of-use assets are included in the item "Property, plant and equipment" in the consolidated statement of financial position.

The amounts of right-of-use assets in the consolidated statements of financial position

	Millions of Yen
Year ended March 31:	2020
Land and buildings	¥ 108,641
Equipment and fixtures	28,663
Vessels and aircrafts	185,314
Others	13
Total	¥ 322,631

Additions to right-of-use assets for the year ended March 31, 2020 was ¥84,586 million.

Maturity analysis of lease liability

	Millions of Yen			
	Future minimum lease payments		The present value of future minimum lease payments	
	2020	2019	2020	2019
Year ended March 31:				
Not later than 1 year	¥ 66,594	¥ 9,623	¥ 44,258	¥ 7,716
Later than 1 year and not later than 5 years	162,283	27,940	140,058	24,811
Later than 5 years	222,164	44,639	191,738	34,613
Total	¥ 451,041	¥ 82,202	¥ 376,054	¥ 67,140
Future financial cost	(74,987)	(15,062)		
The present value of future minimum lease payments	¥ 376,054	¥ 67,140		

The component of lease liability

	Millions of Yen
Year ended March 31:	2020
Lease liabilities current	¥ 44,258
Lease liabilities non-current	331,796
Total	¥ 376,054

In the previous year, the companies only recognized lease liabilities relating to leases that were classified as finance leases under IAS 17 "Leases". These were presented as part of other liabilities and long-term debt.

The consolidated statements of income includes the following amounts related to leases.

Depreciation of right-of-use asset

	Millions of Yen
Year ended March 31:	2020
Land and buildings	¥ 28,569
Equipment and fixtures	6,504
Vessels and aircrafts	17,298
Others	21
Total	¥ 52,392

Total cash outflow from leases in the year ended March 31, 2020 was ¥61,420 million.

10. INVENTORIES

Inventories as of March 31, 2020 and 2019 were comprised of the following:

	Millions of Yen	
	2020	2019
Commodities and finished goods	¥ 477,626	¥ 521,612
Property for sale	9,175	13,843
Raw materials, work in progress and others	67,060	72,220
Total	¥ 553,861	¥ 607,675

See Note 24, “FAIR VALUE MEASUREMENT” for the carrying amount of inventories measured at fair value less costs to sell.

11. PROPERTY, PLANT AND EQUIPMENT

The changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment for the years ended March 31, 2020 and 2019 were as follows:

[Acquisition cost]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2018	¥ 814,726	¥ 2,264,373	¥ 117,413	¥ 322,947	¥ 279,703	¥ 3,799,162
Additions	19,680	50,950	50,723	3,377	223,019	347,749
Acquisitions through business combinations.....	42,387	-	-	58,939	-	101,326
Disposals	(15,262)	(159,862)	(41,066)	(26,572)	(1,801)	(244,563)
Foreign currency translation ...	524	5,609	3,594	4,501	5,634	19,862
Others	21,702	128,423	13,558	6,699	(136,207)	34,175
Balance at March 31, 2019	¥ 883,757	¥ 2,289,493	¥ 144,222	¥ 369,891	¥ 370,348	¥ 4,057,711
Additions	37,882	54,574	79,976	3,243	224,362	400,037
Disposals	(16,775)	(79,919)	(30,366)	(17,840)	(4,653)	(149,553)
Foreign currency translation ...	(47,961)	(120,137)	(2,995)	(18,352)	(13,309)	(202,754)
Others	195,706	328,198	140,008	1,499	(427,302)	238,109
Balance at March 31, 2020	¥ 1,052,609	¥ 2,472,209	¥ 330,845	¥ 338,441	¥ 149,446	¥ 4,343,550

“Others” includes the right-of-use assets newly recognized at the date of initial application of IFRS16 “Leases” and the effects of transfers from projects in progress to other property, plant and equipment and changes in scope of consolidation.

[Accumulated depreciation and impairment losses]

Millions of Yen						
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2018	¥ 294,425	¥ 1,586,528	¥ 33,661	¥ 152,445	¥ 2,206	¥ 2,069,265
Depreciation expenses	27,579	131,075	5,674	14,608	-	178,936
Disposals	(6,559)	(137,833)	(7,523)	(24,546)	-	(176,461)
Impairment losses	924	14,491	-	602	4,501	20,518
Foreign currency translation ...	(656)	9,688	836	2,668	(16)	12,520
Others	(241)	5,131	8,021	(2,682)	(2,677)	7,552
Balance at March 31, 2019	¥ 315,472	¥ 1,609,080	¥ 40,669	¥ 143,095	¥ 4,014	¥ 2,112,330
Depreciation expenses	57,768	142,051	23,977	15,737	-	239,533
Disposals	(8,677)	(62,180)	(9,795)	(16,963)	(3,282)	(100,897)
Impairment losses	10,676	58,076	1,570	7,773	801	78,896
Foreign currency translation ...	(17,397)	(71,772)	(821)	(8,065)	(60)	(98,115)
Others	(9,184)	(3,661)	2,019	(393)	1,651	(9,568)
Balance at March 31, 2020	¥ 348,658	¥ 1,671,594	¥ 57,619	¥ 141,184	¥ 3,124	¥ 2,222,179

[Carrying amount]

Millions of Yen						
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at March 31, 2019	¥ 568,285	¥ 680,413	¥ 103,553	¥ 226,796	¥ 366,334	¥ 1,945,381
Balance at March 31, 2020	¥ 703,951	¥ 800,615	¥ 273,226	¥ 197,257	¥ 146,322	¥ 2,121,371

Impairment losses were recorded as “Impairment reversal (loss) of fixed assets - net” in the Consolidated Statements of Income. The breakdown of impairment losses of fixed assets for the years ended March 31, 2020 and 2019 by segment is as follows:

Millions of Yen			
	2020	2019	
Mineral & Metal Resources	¥ (502)	¥ (681)	
Energy	(65,085)	(16,384)	
Machinery & Infrastructure	(1,622)	(107)	
Chemicals	(22)	(2,378)	
Lifestyle	(11,487)	(751)	
Innovation & Corporate Development	(178)	(217)	
Consolidated Total	¥ (78,896)	¥ (20,518)	

For the year ended March 31, 2020, Mitsui E&P Australia Pty Ltd, a subsidiary in the Energy Segment engaged in the oil development of offshore Western Australia, recognized an impairment loss of ¥31,209 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥46,575 million. In addition, MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, recognized an impairment loss of ¥23,382 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥20,972 million. These impairment losses were mainly related to a decline in the crude oil and natural gas prices. The recoverable amounts above represented the value in use calculated from discounted future cash flow. The Company forecasts that Brent Crude price will be in a range of US\$30/bbl to US\$80/bbl, considering the recent declined market price reflecting the impact of COVID-19 and the failure to reach agreement by OPEC Plus to cut oil production, and based on several third parties’ mid-long term forecasts. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

In addition, XING AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥14,021 million in “Impairment loss of fixed assets”, of which impairment loss of land and buildings is ¥9,277 million and impairment loss of investment properties is ¥4,744 million, by reducing the carrying amount of the farmland and others to the recoverable amount of ¥49,974 million. The impairment loss was mainly related to a change in the foreign exchange rate. The recoverable amount above represented the fair value less costs of disposal, which is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the assets being valued, and the fair value is classified as level 3. The valuation is based on significant unobservable inputs such as transactions of nearby farmland using primarily the market approach.

For the year ended March 31, 2019, MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, recognized an impairment loss of ¥11,612 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥46,172 million. The impairment loss was mainly related to the revision of development plan. 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.

12. INVESTMENT PROPERTY

The acquisition cost, accumulated depreciation and impairment losses, carrying amount and fair value of investment property for the years ended March 31, 2020 and 2019 were as follows.

[Acquisition cost and accumulated depreciation and impairment losses]

	Millions of Yen			
	Acquisition cost		Accumulated depreciation and impairment losses	
Balance at April 1, 2018.....	¥	231,192	¥	42,239
Balance at March 31, 2019.....	¥	240,288	¥	37,186
Balance at March 31, 2020.....	¥	305,914	¥	54,076

[Carrying amount and fair value]

	Millions of Yen			
	Carrying amount		Fair value	
Balance at March 31, 2019.....	¥	203,102	¥	387,322
Balance at March 31, 2020.....	¥	251,838	¥	489,049

The amounts of acquisitions for the year ended March 31, 2020 were ¥54,647 million, mainly due to an increase of ¥38,820 million for the integrated development project in the 2, Otemachi 1-Chome District.

The amounts for the year ended March 31, 2019 were immaterial.

Rental income from investment property and direct operating expenses arising from investment property for the years ended March 31, 2020 and 2019 were immaterial.

The fair value of primary investment property as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers, who have recent experience in the locations and categories of the investment property being valued, and have the appropriate and recognized professional qualifications (such as registered appraiser), and is classified as Level 3. The valuation is based on significant unobservable inputs such as estimated rents and discount rates using primarily the income approach and conforms to the standards of the country where the investment property is located.

13. INTANGIBLE ASSETS

The changes in acquisition cost, accumulated amortization and impairment losses, and carrying amount of intangible assets for the years ended March 31, 2020 and 2019 were as follows:

[Acquisition cost]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2018	¥ 123,424	¥ 79,029	¥ 153,942	¥ 356,395
Additions	12,352	4,844	18,443	35,639
Disposals	(5,398)	(10,917)	(3,935)	(20,250)
Foreign currency translation	1,006	445	1,097	2,548
Others	(9,338)	(9,228)	(1,439)	(20,005)
Balance at March 31, 2019	¥ 122,046	¥ 64,173	¥ 168,108	¥ 354,327
Additions	849	6,168	9,110	16,127
Disposals	-	(8,342)	(2,619)	(10,961)
Foreign currency translation	(4,109)	(1,108)	(24,978)	(30,195)
Others	(6,296)	7,628	67,920	69,252
Balance at March 31, 2020	¥ 112,490	¥ 68,519	¥ 217,541	¥ 398,550

Balance of Others in Acquisition cost at March 31, 2020 includes operating rights of ¥50,953 million in connection with the urban passenger rail business in Brazil. The significant components are an increase of ¥67,899 million in "Others" (due to changes in scope of consolidation) and a decrease of ¥19,001 million in "Foreign currency translation".

[Accumulated amortization and impairment losses]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2018	¥ 47,643	¥ 58,000	¥ 77,545	¥ 183,188
Amortization expense	-	7,545	7,347	14,892
Impairment losses	3,485	63	7,376	10,924
Disposals	-	(10,734)	(2,321)	(13,055)
Foreign currency translation	(88)	302	823	1,037
Others	(7,562)	(9,467)	285	(16,744)
Balance at March 31, 2019	¥ 43,478	¥ 45,709	¥ 91,055	¥ 180,242
Amortization expense	-	6,943	8,973	15,916
Impairment losses	20,356	195	6,622	27,173
Disposals	-	(7,821)	(2,187)	(10,008)
Foreign currency translation	(1,128)	(802)	(4,370)	(6,300)
Others	(2,893)	3,080	(3,949)	(3,762)
Balance at March 31, 2020	¥ 59,813	¥ 47,304	¥ 96,144	¥ 203,261

[Carrying amount]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at March 31, 2019	¥ 78,568	¥ 18,464	¥ 77,053	¥ 174,085
Balance at March 31, 2020	¥ 52,677	¥ 21,215	¥ 121,397	¥ 195,289

Balance of Others in Carrying amount at March 31, 2020 includes operating rights of ¥44,479 million in connection with the urban passenger rail business in Brazil.

Amortization expense on intangible assets with finite estimated useful lives is mainly recognized in "Selling, general and administrative expenses" in the Consolidated Statements of Income.

Impairment losses and reversal of impairment losses on intangible assets are recognized in "Impairment reversal (loss) of fixed assets - net" in the Consolidated Statements of Income.

For the year ended March 31, 2020, Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of goodwill of ¥13,939 million in "Impairment loss of fixed assets" by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥184,793 million. The impairment loss was mainly related to a decline in the crude oil price. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit. The oil price used in the calculation of the value in use is provided in Note 11 "PROPERTY, PLANT AND EQUIPMENT".

For the year ended March 31, 2019, Novus International, Inc., a subsidiary in the Chemicals Segment, recognized a loss of ¥13,985 million (¥7,946 million in "Impairment reversal (loss) of fixed assets-net" (from valuing the recoverable amount of assets not expected to be used in the future to zero), ¥5,065 million in "Gain (loss) on disposal or sales of fixed assets-net" and ¥974 million in "Other income (expense)-net") on assets related to capacity increase (including equipment and fixtures) as a result of reassessing projects to increase production capacity of methionine, due to effect on the projects of economic efficiency which was mainly caused by recent spike of EPC cost in the US Gulf Coast.

The carrying amount of goodwill, allocated to cash-generating unit (or group of units) for impairment testing is immaterial in comparison with the companies' total carrying amount of goodwill for the year ended March 31, 2020.

Goodwill is allocated to each cash-generating unit (or group of units) for impairment testing of goodwill for the year ended March 31, 2019. The goodwill allocated to Mitsui E&P Italia A S.r.l, of which carrying amount was ¥21,845 million as of March 31, 2019, accounts for a main portion of the goodwill. The recoverable amount is calculated based on the value in use, and is the sum of the net present value of the future cash flow estimated from the production plan for the Tempa Rossa on shore oil field in the Gorgoglione concession in Italy during its useful life. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as the discount rate to calculate the value in use.

The key assumptions with the most significant impact on the calculation of the value in use are the production plan and oil price. The production plan used in the valuation has been developed by the operator, Total E&P Italia S.p.A. and approved by the management of Mitsui E&P Italia A S.r.l. The oil price base on the Crude Oil Brent Price is used for impairment testing.

The carrying amount of intangible assets with indefinite useful lives, allocated to cash-generating unit (or group of units) for impairment testing, is immaterial in comparison with the companies' total carrying amount of intangible assets with indefinite useful lives for the years ended March 31, 2020 and 2019.

14. EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS

Exploration and evaluation assets for mineral resources and oil & gas for the years ended March 31, 2020 and 2019 were as follows: Exploration and evaluation assets are mainly recognized in "Property, plant and equipment" in the Consolidated Statements of Financial Position.

	Millions of Yen	
	2020	2019
Balance at beginning of year	104,920	67,863
Acquisitions / Additions	10,430	57,502
Impairment and write-down of capitalized exploration expenses	(3,129)	(4,355)
Reclassification	(7,190)	(18,357)
Foreign currency translation	(7,077)	2,280
Others	(37,148)	(13)
Balance at end of year	<u>60,806</u>	<u>104,920</u>

For the year ended March 31, 2020, the "Others" are mainly related to the change in scope of consolidation.

Expenses, cash flows from operating activities and cash flows from investing activities in relation to exploration and evaluation for mineral resources and oil & gas for the years ended March 31, 2020 and 2019 were as follows:

Exploration and evaluation expenses are included in "Impairment reversal (loss) of fixed assets-net" and "Other income (expense)-net" in the Consolidated Statements of Income. Impairment and write-down of capitalized exploration expenses are included in "Impairment reversal (loss) of fixed assets-net", while other exploration and evaluation expenses are included in "Other income (expense)-net".

	Millions of Yen	
	2020	2019
Exploration and evaluation expenses	(9,417)	(13,845)
Cash flows from operating activities	(6,129)	(9,078)
Cash flows from investing activities	(10,598)	(57,490)

15. DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES

(1) Short-term debt

Short-term debt as of March 31, 2020 and 2019 consisted of the following:

	Millions of Yen			
	2020		2019	
		Interest rate		Interest rate
Short-term bank loans and others	¥ 297,458	2.5%	¥ 294,816	3.0%
Commercial paper	-	-	42,212	0.2
Total	<u>¥ 297,458</u>		<u>¥ 337,028</u>	

The interest rates represent weighted-average rates in effect as of March 31, 2020 and 2019 regardless of borrowing currencies, though the range of interest rates varies by borrowing currency.

(2) Long-term debt

Long-term debt as of March 31, 2020 and 2019 consisted of the following:

	Millions of Yen	
	2020	2019
Long-term debt with collateral (Note 16):		
Banks and insurance companies, maturing serially through 2052— principally 0.5% to 9.0%	¥ 45,056	¥ 35,087
Government-owned banks and government agencies, maturing serially through 2030—principally 3.5% to 11.7%	11,026	12,411
Bonds:		
Indonesian Rupiah bonds (fixed rate 6.2% to 8.2%, due 2019–2022)	15,745	10,530
Brazil Real non-convertible bonds (floating rate 0.4%, due 2020–2026)	1,165	-
Total	72,992	58,028
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.0% to 2.6%, maturing serially through 2076	1,831,615	1,805,553
Principally 0.1% to 9.5%, maturing serially through 2032 (payable in foreign currencies)	2,098,953	2,194,272
Bonds and notes:		
Japanese yen bonds (fixed rate 0.2% to 2.4%, due 2022– 2039)	213,218	138,618
Japanese yen bonds (fixed and floating rate: floating rate 1.5% to 1.7%, due 2024)	10,000	10,000
Notes under euro medium-term note programme (fixed and floating rate: floating rate 1.1% to 3.3% due 2023–2029)	26,290	14,836
Lease liability (0.0% to 15.5%, maturing serially through 2074)	376,054	67,140
Subtotal	4,556,130	4,230,419
Total	4,629,122	4,288,447
Less current portion	399,904	479,390
Long-term debt, less current portion	¥ 4,229,218	¥ 3,809,057

Long-term debt includes subordinated syndicated loans of ¥350.0 billion and ¥205.0 billion. The maturity dates are June 15, 2076 and August 15, 2076, respectively. Prepayments will be enabled from June 15, 2023 and August 15, 2028, respectively.

In previous years, the companies recognized lease liabilities relating to lease that were classified as finance lease under IAS 17 "Lease".

(3) Trade and other payables, and other financial liabilities

Trade and other payables, and other financial liabilities as of March 31, 2020 and 2019 consisted of the following:

		Millions of Yen	
		2020	2019
Current:			
Trade and other payables			
Notes payable-trade	¥	18,459	¥ 23,761
Accounts payable-trade		1,006,694	1,165,119
Accrued expenses		111,351	133,394
Other financial liabilities			
Accounts payable-other		223,309	154,034
Derivative liabilities		315,305	93,030
Other		88,349	31,408
Total	¥	1,763,467	¥ 1,600,746
Non-current:			
Other financial liabilities			
Accounts payable-other	¥	6,964	¥ 14,923
Derivative liabilities		44,166	31,062
Other		54,149	26,110
Total	¥	105,279	¥ 72,095

All financial liabilities, except for derivative liabilities, presented above are measured at amortized cost and there are no financial liabilities measured at FVTPL.

Payable to accounted equity investees included in trade and other payables carried at March 31, 2020 and 2019 were ¥35,145 million and ¥46,304 million respectively.

(4) Liquidity risk analysis

Non-derivative financial liabilities

Contractual balances of non-derivative financial liabilities by maturity as of March 31, 2020 and 2019 were as follows:

March 31, 2020		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥	1,134,817	¥ 1,687	¥ -	¥ 1,136,504
Accounts payable-other		223,159	5,785	1,329	230,273
Long-term debt (including current portion)		399,904	1,684,687	2,544,531	4,629,122
March 31, 2019		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥	1,320,302	¥ 1,972	¥ -	¥ 1,322,274
Accounts payable-other		153,067	13,411	2,479	168,957
Long-term debt (including current portion)		479,390	1,546,009	2,263,048	4,288,447

Derivative instruments

The following tables summarize the result of liquidity analysis of derivative instruments held by the companies. These tables are prepared based on future receipts and payments of derivative instruments. If amounts to be received or paid are not fixed, the disclosed amounts are calculated using interest rates estimated in reference to the yield curve as of March 31, 2020 and 2019.

March 31, 2020

		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange contracts	Receipts	¥ 30,090	¥ 38,681	¥ 3,754	¥ 72,525
	Payments	(15,191)	(22,710)	(384)	(38,285)
Interest rate contracts	Receipts	7,318	30,121	35,314	72,753
	Payments	(3,337)	(7,299)	(3,470)	(14,106)
Commodity contracts	Receipts	1,422,544	74,022	11,997	1,508,563
	Payments	(1,387,609)	(67,074)	(13,026)	(1,467,709)

March 31, 2019

		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange contracts	Receipts	¥ 14,361	¥ 23,486	¥ 627	¥ 38,474
	Payments	(19,348)	(16,283)	(3,026)	(38,657)
Interest rate contracts	Receipts	9,699	30,986	39,175	79,860
	Payments	(592)	(1,874)	(312)	(2,778)
Commodity contracts	Receipts	520,868	49,477	-	570,345
	Payments	(508,889)	(51,534)	-	(560,423)

The amounts of future payments of other derivative instruments not included in the table were immaterial as of March 31, 2020 and 2019.

16. PLEDGED ASSETS

The assets pledged as collateral for certain short-term debt, long-term debt, and guarantee of contracts, etc., as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Cash and deposits	¥ 82,462	¥ 61,040
Trade and other receivables (current and non-current)	19,839	21,924
Investments	393,834	446,960
Property, plant and equipment	75,491	60,252
Others	182	997
Total	¥ 571,808	¥ 591,173

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts. For this reason, it is not included in the amounts shown in the table above.

In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. The Company also has certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

17. PROVISIONS

The changes in provisions for the year ended March 31, 2020 were as follows:

	Millions of Yen		
	Asset retirement obligation	Other provisions	Total
Balance at April 1, 2019	¥ 206,262	40,592	246,854
Additional provisions recognized	31,461	10,935	42,396
Provisions used	(6,057)	(20,330)	(26,387)
Unwinding of discount and effects of change in discount rate	11,778	-	11,778
Others*	(15,218)	(5,406)	(20,624)
Balance at March 31, 2020	¥ 228,226	25,791	254,017

* "Others" principally includes the decrease due to changes in foreign currency exchange rates.

Asset retirement obligations are principally related to the costs of dismantling and removing oil and gas production facilities owned by a domestic subsidiary, which has interests in oil and gas operations in Southeast Asia and other areas, and subsidiaries in Australia and Europe, which are engaged in oil and gas producing activities. These expenses are expected to be paid within fifty years; however, they may be affected by future business plans and other circumstances.

"Other provisions" includes provision related to the fire incident of International Terminals Company LLC("ITC"), product warranties and rebates of sales, etc. See Note 28 for the fire incident of ITC.

18. EMPLOYEE BENEFITS

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. Benefits from CPF are based on length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnity plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

Changes in the defined benefit obligation and plan assets

The following table sets forth the changes in the companies' defined benefit obligation and plan assets:

Net defined benefit liability at end of year is included in the retirement benefit liabilities and other non-current assets in the consolidated statements of financial position.

	Millions of Yen	
	2020	2019
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	¥ 364,034	¥ 356,327
Service cost	11,655	12,311
Interest cost	2,676	3,142
Actuarial gain (loss)	(281)	9,281
Benefits paid from plan assets	(14,971)	(15,120)
Others	(2,416)	(1,907)
Defined benefit obligation at end of year	360,697	364,034
Change in plan assets:		
Fair value of plan assets at beginning of year	307,064	305,820
Interest income	2,673	3,134
Return (loss) on plan assets (excluding interest income)	(7,288)	(1,794)
Contributions by the employer	57,872	14,727
Benefits paid from plan assets	(14,971)	(15,120)
Others	(1,365)	297
Fair value of plan assets at end of year	343,985	307,064
Net defined benefit liability at end of year	¥ (16,712)	¥ (56,970)

Components of net periodic pension costs

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2020 and 2019 included the following components:

	Millions of Yen	
	2020	2019
Service cost – benefits earned during the period	¥ 11,655	¥ 12,311
Net interest expense (revenue)	3	8
Others	35	22
Net periodic pension costs	¥ 11,693	¥ 12,341

Assumptions

The weighted-average assumptions used to determine the companies' defined benefit obligations as of March 31, 2020 and 2019 are set forth as follows:

	2020	2019
Discount rate	0.8%	0.8%
Rate of increase in future compensation levels	0.9%	1.0%

The companies mainly determine the discount rates each year as of the measurement date based on a review of interest rates associated with high-quality fixed-income corporate bonds.

The rate of increase in future compensation levels was not applied in determining the defined benefit obligation of CPF other than the cash balance plan because the benefit formulas of these plans do not contain factors relating to compensation levels.

The following table illustrates the sensitivity to changes in assumptions for pension plans:

	Impact of change in assumption on defined benefit obligation as of March 31, 2020
50 basis point decrease in discount rate	¥24,849 million increase
50 basis point increase in discount rate	¥21,938 million decrease

Plan assets

The Company's investment objective is to build a high quality portfolio of plan assets. The investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to ensure stable and adequate returns to provide future payments of pension benefits over the long term.

The fair value of the companies' pension plan assets as of March 31, 2020 and 2019 by asset class are set forth as follows:

Asset Class	Millions of Yen					
	2020			2019		
	Quoted market price in an active market			Quoted market price in an active market		
	Available	Not available	Total	Available	Not available	Total
Equity financial instruments (Japan)	¥ 54,119	¥ 43,366	¥ 97,485	¥ 64,337	¥ 52,299	¥ 116,636
Equity financial instruments (non-Japan)	2,686	39,202	41,888	3,945	37,319	41,264
Debt securities (Japan)	3,072	5,587	8,659	4,213	11,232	15,445
Debt securities (non-Japan)	10,104	141,554	151,658	10,014	74,673	84,687
Life insurance company general accounts	-	34,163	34,163	29	32,840	32,869
Cash and deposits	8,515	-	8,515	14,240	-	14,240
Other	970	647	1,617	1,234	689	1,923
Total	¥ 79,466	¥ 264,519	¥ 343,985	¥ 98,012	¥ 209,052	¥ 307,064

The equity financial instruments above include securities held in the Company's employee retirement benefit trust. Publicly-traded, equity financial instruments and debt securities are valued using quoted market prices and classified as assets for which a quoted market price in an active market is available. Other equity financial instruments and debt securities are mostly pooled investments managed by trust banks which are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as assets for which a quoted market price in an active market is not available. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. Most of them are valued based on the value of the accounts calculated by the insurance companies and classified as assets for which a quoted market price in an active market is not available.

Cash flows

Contributions

The companies expect to contribute ¥7,856 million to their defined benefit pension plans for the year ending March 31, 2021. When a funded amount of CPF is less than the minimum funding amount at the end of each annual period, the companies will contribute the required amounts to CPF in accordance with the rules of CPF.

Information about the maturity profile

The weighted-average duration of the benefit payments for the defined benefit obligation as of March 31, 2020 is 15 years.

Multiemployer plan

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and its subsidiaries also participate in MGPF, which is different from single-employer plans in the following respects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the multiemployer plan is wound up or a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan at the time of a wind-up or a withdrawal, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the additional benefit stipulated by the plan.

In relation to this plan, the amount of contribution was recorded as a retirement benefit cost as though it was a defined contribution plan because sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2019 and 2018 was as follows:

	Millions of Yen	
	2019	2018
Plan assets, net of current payables	¥ 24,383	¥ 23,719
Actuarial reserve under pension actuarial valuation	19,742	19,221
Net amount.....	4,641	4,498

The amount contributed to MGPF by the Company's subsidiaries constituted a significant portion of the total contribution and included a surcharge. MGPF was converted into a defined benefit corporate pension fund with the approval from the Ministry of Health, Labour and Welfare of the Japanese Government in April 2015.

The Company also provides an "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels.

19. EQUITY

(1) Common stock

The number of shares authorized and issued for the years ended March 31, 2020 and 2019 were as follows:

	Number of shares	
	2020	2019
Authorized:		
Common stock – no par value	2,500,000,000	2,500,000,000
Issued:		
Balance at beginning of year	1,742,345,627	1,796,514,127
Increase (decrease) during the year	339,279	(54,168,500)
Balance at end of year	1,742,684,906	1,742,345,627

The number of treasury stock held as of March 31, 2020 and 2019 included in the number of shares issued shown above was 35,184,567 and 4,271,539 shares, respectively.

For the year ended March 31, 2020, the Board of Directors resolved to issue new shares under the remuneration system of share performance-linked restricted stock at a meeting held on July 3, 2019 and the number of shares issued was increased by 339,279 shares dated August 2, 2019. For the year ended March 31, 2019, the number of shares issued was decreased by 54,168,500 shares dated April 20, 2018 due to cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on February 2, 2018.

(2) Capital surplus and retained earnings

Capital surplus mainly consist of additional paid-in capital. Changes in capital surplus for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Balance at beginning of year.....	¥ 387,335	¥ 386,165
Equity transactions with non-controlling interest shareholders:		
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries to non-controlling interests	13,478	217
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries from non-controlling interests	1,689	873
Sales of treasury stock.....	(167)	(151)
Compensation costs related to stock options.....	23	231
Compensation costs related to share performance-linked restricted stock.....	294	-
Balance at end of year.....	¥ 402,652	¥ 387,335

Retained earnings consist of legal reserve and other unappropriated retained earnings.

The Companies Act of Japan stipulates that an amount equal to 10% of distribution from surplus must be appropriated as additional paid-in capital or a legal reserve in retained earnings depending on the equity account charged upon the payment of such distribution until the total aggregate amount of additional paid-in capital and legal reserve in retained earnings equals 25% of the common stock.

Under the Companies Act, the amount available for distribution is calculated based on the amount of capital surplus and retained earnings, exclusive of additional paid-in capital and legal reserve, recorded in the general books of account in accordance with generally accepted accounting principles in Japan. The amount available for distributions from the Company was ¥1,264,920 million at March 31, 2020.

(3) Other components of equity

Changes in other components of equity for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Financial Assets Measured at FVTOCI:		
Balance at beginning of year	¥ 356,498	¥ 306,911
Increase (decrease) during the year	(305,098)	63,233
Transfer to retained earnings	(43,921)	(13,646)
Balance at end of year	¥ 7,479	¥ 356,498
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of year	¥ -	¥ -
Increase (decrease) during the year	(7,052)	(13,391)
Transfer to retained earnings	7,052	13,391
Balance at end of year	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of year	¥ 124,506	¥ 161,488
Increase (decrease) during the year	(301,649)	(36,982)
Balance at end of year	¥ (177,143)	¥ 124,506
Cash Flow Hedges:		
Balance at beginning of year	¥ (17,734)	¥ (20,364)
Increase (decrease) during the year	(36,512)	2,630
Balance at end of year	¥ (54,246)	¥ (17,734)
Total:		
Balance at beginning of year	¥ 463,270	¥ 448,035
Increase (decrease) during the year	(650,311)	15,490
Transfer to retained earnings	(36,869)	(255)
Balance at end of year	¥ (223,910)	¥ 463,270

(4) Income tax relating to other comprehensive income

Income taxes included in each component of other comprehensive income for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	¥ 79,714	¥ (31,212)
Remeasurements of defined benefit pension plans	(1,469)	(124)
Share of other comprehensive income of investments accounted for using the equity method	1,611	939
Total	¥ 79,856	¥ (30,397)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	¥ (11,755)	¥ 4,823
Cash flow hedges	5,448	1,936
Share of other comprehensive income of investments accounted for using the equity method	15,370	(2,537)
Total	¥ 9,063	¥ 4,222

(5) Other comprehensive income included in non-controlling interests

Each component of other comprehensive income included in non-controlling interests for the years ended March 31, 2020 and 2019 was as follows:

	Millions of Yen	
	2020	2019
Financial assets measured at FVTOCI	¥ (2,276)	¥ (2,035)
Remeasurements of defined benefit pension plans	9	23
Foreign currency translation adjustments	(19,647)	(711)
Cash flow hedges	(293)	(68)
Total	¥ (22,207)	¥ (2,791)

20. EARNINGS PER SHARE

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the years ended March 31, 2020 and 2019:

	2020			2019		
	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:	¥ 391,513	1,731,384	¥ 226.13	¥ 414,215	1,737,982	¥ 238.33
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.....	(22)	—		(37)	-	
Stock options	—	1,046		-	1,202	
Diluted earnings per share attributable to owners of the parent:	¥ 391,491	1,732,430	¥ 225.98	¥ 414,178	1,739,184	¥ 238.15

21. REVENUES

(1) Among “Revenue”, the disaggregation of revenue recognized from contracts with customers by product segment is as follows. The following 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.

Note the underlined amounts below of revenue recognized from contracts with customers for the year ended March 31, 2019 have been restated due to correction of immaterial errors and the organizational restructuring described in Note 6 “SEGMENT INFORMATION”.

Millions of Yen									
Year ended March 31, 2020:	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 243,051	¥ 868,432	¥ 536,336	¥ 824,974	¥ 1,520,481	¥ 1,551,435	¥ 152,384	¥ 6,893	¥ 5,703,986

Millions of Yen									
Year ended March 31, 2019: (As restated)	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ <u>241,723</u>	¥ <u>833,398</u>	¥ <u>528,879</u>	¥ 842,958	¥ <u>1,768,046</u>	¥ <u>1,552,194</u>	¥ <u>162,985</u>	¥ 4,526	¥ <u>5,934,709</u>

Millions of Yen									
Year ended March 31, 2019: (As previously reported)	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ <u>247,368</u>	¥ <u>472,956</u>	¥ <u>260,806</u>	¥ 842,958	¥ <u>1,728,922</u>	¥ <u>1,604,918</u>	¥ <u>125,084</u>	¥ 4,526	¥ <u>5,287,538</u>

(2) Contract balances

The balances of receivables from contracts with customers and contract liabilities are as follows.

	Millions of Yen		
	Balance at March 31, 2020	Balance at March 31, 2019 (As restated)	Balance at April 1, 2018 (As restated)
Receivables from contracts with customers.....	¥ 1,338,743	<u>1,538,004</u>	<u>1,505,470</u>
Contract liabilities.....	136,293	201,973	289,151

Note the underlined amounts of “Receivables from contracts with customers” at March 31, 2019 and April 1, 2018 have been restated due to correction of immaterial errors from ¥1,442,960 million and ¥1,408,629 million to ¥1,538,004 million and ¥1,505,470 million, respectively.

In the Consolidated Statement of Financial Position, receivables from contracts with customers are included in “Trade and other receivables” and contract liabilities are included in “Advances from customers”. Contract liabilities mainly consist of advances from customers prior to delivery in ships and aircrafts sales transactions. If the time between transfer of goods or services to the customer and payment is within 1 year, the impact of material financial factors is not adjusted. Of the revenue recognized in the year ended March 31, 2020 and 2019, the amount included in contract liabilities as of the beginning of the fiscal year is ¥135,067 million and ¥114,910 million respectively.

(3) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the expected period of revenue recognition are as follows. The contracts that have an original expected duration of one year or less, and the contract that the companies recognizes the revenue at the amount of consideration to which the companies has a right to invoice for the transactions which performance obligation satisfied over time, are not included. In addition, there is no significant consideration from contracts with customers not included in the transaction price. If the price at the time of revenue recognition is undecided at the fiscal year end, the future price is reasonably estimated based on the contract conditions and the prices published by third parties and allocated to the remaining performance obligations.

	Millions of Yen		
	2020	2019 (As restated)	2019 (As previously reported)
Within 1 year.....	¥ 828,832	<u>954,786</u>	<u>835,222</u>
More than 1 year and Within 2 year.....	546,301	<u>770,591</u>	<u>652,214</u>
More than 2 year and Within 3 year.....	342,158	<u>447,692</u>	<u>424,592</u>
More than 3 year.....	3,029,070	<u>3,437,785</u>	<u>3,435,881</u>
Total.....	¥ 4,746,361	<u>5,610,854</u>	<u>5,347,909</u>

The balances more than 3 year are mainly composed of long-term contracts up to 2040.

Note the underlined amounts of the total transaction price allocated to the remaining performance obligations for the year ended March 31, 2019 have been restated due to correction of immaterial errors.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer.

For the year ended March 31, 2020, the amounts of assets recognized from the costs to obtain or fulfill contracts with customers are immaterial. Also, if the amortization period of the asset to be recognized is within a year, the incremental costs of obtaining a contract is recognized as a cost when incurred.

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2020 and 2019 consisted of the following:

	Millions of Yen	
	2020	2019
Personnel expenses.....	¥ 298,839	¥ 299,541
Communication expenses.....	44,114	43,823
Traveling expenses.....	27,542	30,880
Loss allowance.....	31,258	13,287
Other.....	183,132	178,760
Total.....	¥ 584,885	¥ 566,291

Remuneration of the Company's Directors and Corporate Auditors for the years ended March 31, 2020 and 2019 were ¥1,849 million and ¥1,624 million, respectively.

23. INCOME TAXES

Reconciliation between the applicable income tax rate in Japan and the effective income tax rate in the consolidated statements of income and comprehensive income for the years ended March 31, 2020 and 2019 was summarized as follows:

	%	
	2020	2019
Applicable income tax rate in Japan.....	31.0%	31.0%
Increases (decreases) in tax rate resulting from:		
Expenses not deductible for tax purposes and income not taxable-net.....	0.5	0.3
Tax effects on dividends.....	(4.2)	(3.3)
Changes in assessment for recoverability of deferred tax assets.....	0.7	3.3
Higher tax rates for resource related taxes.....	3.4	4.7
Tax effects on investments accounted for using the equity method.....	(8.9)	(7.5)
Controlled Foreign Company taxation in Japan.....	1.4	0.5
Other.....	(0.9)	(2.9)
Effective income tax rate.....	<u>23.0%</u>	<u>26.1%</u>

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Deferred Tax Assets:		
Retirement benefit liabilities..... ¥	5,714	¥ 6,747
Estimated losses.....	15,466	16,878
Fixed assets.....	50,569	54,592
Loss carryforwards.....	117,647	115,408
Foreign currency translation.....	19,878	28,308
Derivatives.....	9,623	4,777
Other.....	4,962	2,480
Total deferred tax assets.....	<u>223,859</u>	<u>229,190</u>
Deferred Tax Liabilities:		
Fixed assets.....	146,590	160,081
Other investments.....	177,314	275,814
Undistributed earnings.....	224,613	206,175
Foreign currency translation.....	25,897	41,013
Derivatives.....	2,774	1,455
Other.....	734	3,645
Total deferred tax liabilities..... ¥	<u>577,922</u>	<u>¥ 688,183</u>

Deferred tax assets recognized by taxable entities that have suffered a loss in either the current or preceding period were ¥28,939 million and ¥25,974 million as of March 31, 2020 and 2019, respectively. Mainly based on expected resource prices, reserve estimation by external institutions and the estimation in consideration of long-term sales agreements, the companies recognize deferred tax assets within a sufficient taxable income during the expiry period of net operating loss carried forward for each country.

The unused tax loss carryforwards and deductible temporary differences for which deferred tax assets were not recognized were ¥2,693,188million and ¥2,617,983million as of March 31, 2020 and 2019, respectively.

Taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were ¥1,542,694 million and ¥1,734,937 million as of March 31, 2020 and 2019, respectively.

The increase and decrease in deferred tax assets and deferred tax liabilities recognized as deferred tax expenses in the consolidated statements of income for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Retirement benefit liabilities.....	¥ (1,045)	¥ (374)
Estimated losses.....	(1,187)	1,258
Fixed assets.....	18,805	(2,973)
Loss carryforwards.....	3,929	24,580
Other investments.....	(2,426)	(5,640)
Undistributed earnings.....	(17,105)	(31,291)
Other.....	3,237	(3,229)
Total.....	¥ 4,208	¥ (17,669)

Unused tax loss carryforwards for which no deferred tax assets have been recognized as of March 31, 2020 and 2019 were ¥668,662 million and ¥710,715 million, respectively. If not utilized, such tax loss carryforwards will expire as follows:

	Millions of Yen	
	2020	2019
Within 5 years.....	¥ 228,684	¥ 179,099
After 5 to 10 years.....	126,162	175,614
After 10 to 15 years.....	157,576	155,270
After 15 years.....	156,240	200,732
Total.....	¥ 668,662	¥ 710,715

Income tax expenses in the consolidated statements of income for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Current.....	¥ (127,216)	¥ (134,906)
Deferred.....	¥ 4,208	¥ (17,669)
Total.....	¥ (123,008)	¥ (152,575)

Deferred tax expenses or income arising from the write-down and reversal of previously written-down deferred tax assets related to tax loss carryforwards and temporary differences of the companies for which it is probable that a tax benefit or expense will not be realized were immaterial for the years ended March 31, 2020 and 2019.

24. FAIR VALUE MEASUREMENT

IFRS 13 “Fair Value Measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:

Unobservable inputs for the assets or liabilities.

(1) Valuation techniques

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

Trade and other receivables

- Trade and other receivables other than measured at amortized cost are measured at fair value.
 - Trade and other receivables other than measured at amortized cost are measured at fair value principally using the discounted cash flow method and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the customer.
- They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Other Investments

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

Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustments and classified as level 2. The amounts of costs to sell as of March 31, 2020 and 2019 were immaterial.

(2) Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel of the Company. All of the valuations, including those performed by the external experts, are reviewed and approved by the responsible personnel of the Company.

(3) Assets and liabilities measured at fair value on a recurring basis

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2020 and 2019 were as follows. No assets or liabilities were transferred between level 1 and 2 for the years ended March 31, 2020 and 2019.

		Millions of Yen				
March 31, 2020		Fair value measurements using			Netting adjustments*	Total fair value
		Level 1	Level 2	Level 3		
Assets:						
Trade and other receivables:						
Loans measured at FVTPL.....		-	-	¥ 22,698		
Total trade and other receivables		-	-	¥ 22,698	-	¥ 22,698
Other investments:						
Financial assets measured at FVTPL.....	¥	14,564	-	¥ 115,940		
Financial assets measured at FVTOCI.....		645,455	-	671,358		
Total other investments	¥	660,019	-	¥ 787,298	-	¥ 1,447,317
Derivative assets:						
Foreign exchange contracts.....		-	¥ 72,829	-		
Interest rate contracts.....		-	68,559	-		
Commodity contracts.....	¥	46,845	1,461,687	¥ 515		
Others.....		-	-	13,901		
Total derivative assets	¥	46,845	¥ 1,603,075	¥ 14,416	¥ (1,162,685)	¥ 501,651
Inventories.....		-	¥ 105,482	-	-	105,482
Total assets.....	¥	706,864	¥ 1,708,557	¥ 824,412	¥ (1,162,685)	¥ 2,077,148
Liabilities:						
Derivative liabilities:						
Foreign exchange contracts.....		-	¥ 37,517	-		
Interest rate contracts.....		-	18,910	-		
Commodity contracts.....	¥	38,445	1,430,142	¥ 2,083		
Others.....		-	-	8,422		
Total derivative liabilities	¥	38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471
Total liabilities.....	¥	38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471

		Millions of Yen				
March 31, 2019		Fair value measurements using			Netting adjustments*	Total fair value
		Level 1	Level 2	Level 3		
Assets:						
Trade and other receivables:						
Loans measured at FVTPL.....		-	-	¥ 22,415		
Total trade and other receivables		-	-	¥ 22,415	-	¥ 22,415
Other investments:						
Financial assets measured at FVTPL.....	¥	27,303	-	¥ 111,504		
Financial assets measured at FVTOCI.....		1,008,710	-	762,857		
Total other investments	¥	1,036,013	-	¥ 874,361	-	¥ 1,910,374
Derivative assets:						
Foreign exchange contracts.....		-	¥ 38,715	-		
Interest rate contracts.....		-	72,358	-		
Commodity contracts.....	¥	14,362	556,610	¥ 1,116		
Others.....		-	-	13,254		
Total derivative assets	¥	14,362	¥ 667,683	¥ 14,370	¥ (501,950)	¥ 194,465
Inventories.....		-	¥ 122,309	-	-	¥ 122,309
Total assets.....	¥	1,050,375	¥ 789,992	¥ 911,146	¥ (501,950)	¥ 2,249,563
Liabilities:						
Derivative liabilities:						
Foreign exchange contracts.....		-	¥ 38,863	-		
Interest rate contracts.....		-	4,469	-		
Commodity contracts.....	¥	13,864	547,296	¥ 653		
Others.....		-	-	13,985		
Total derivative liabilities	¥	13,864	¥ 590,628	¥ 14,638	¥ (495,038)	¥ 124,092
Total liabilities.....	¥	13,864	¥ 590,628	¥ 14,638	¥ (495,038)	¥ 124,092

* Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts, and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

The balance at the beginning of period of the loan measured at FVTPL was ¥22,415 million and the balance at the end of the period was ¥22,698 million for the year ended March 31, 2020.

The balance at the beginning of period of the loan measured at FVTPL was ¥21,380 million and the balance at the end of the period was ¥22,415 million for the year ended March 31, 2019.

There was no material movement other than its exchange rate change during both years.

The reconciliation of financial assets measured at FVTPL for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Balance at beginning of year.....	¥ 111,504	¥ 110,827
Gains (losses).....	(1,931)	3,811
Purchases.....	27,736	26,148
Sales.....	(16,715)	(14,908)
Transfers into Level 3.....	-	-
Transfers out of Level 3 (Note 1).....	-	(7,033)
Others (Note 2).....	(4,654)	(7,341)
Balance at end of year.....	¥ 115,940	¥ 111,504
Net change in unrealized gains (losses) still held at end of year	¥ (1,740)	¥ 6,117

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

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

Gains (losses) related to financial assets measured at FVTPL for the year ended March 31, 2020 and 2019 were included in "Revenue" in the Consolidated Statements of Income.

The reconciliation of financial assets measured at FVTOCI for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Balance at beginning of year.....	¥ 762,857	¥ 638,851
Other comprehensive income (Note 1).....	(93,721)	99,177
Purchases.....	20,794	33,577
Sales.....	(13,089)	(8,863)
Transfers into Level 3.....	-	-
Transfers out of Level 3 (Note 2).....	(2,175)	-
Others (Note 3).....	(3,308)	115
Balance at end of year.....	¥ 671,358	¥ 762,857

Note 1: For "Other comprehensive income" for the year ended March 31, 2020, fair value in investments in LNG projects decreased, mainly due to reflecting changes in future oil price forecasts.

For "Other comprehensive income" for the year ended March 31, 2019, fair value in investments in LNG projects increased, mainly due to the extension of the period of LNG project, changes in future oil price forecasts and foreign exchange fluctuations.

Note 2: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.

Note 3: "Others" includes the effect of changes in foreign exchange rates (including in the foreign currency translation adjustments) and in scope of consolidation.

Other comprehensive income related to financial assets measured at FVTOCI was included in "Financial assets measured at FVTOCI" and "Foreign currency translation adjustment" in the Consolidated Statements of Comprehensive Income.

Quantitative information about Level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of March 31, 2020 and 2019 were as follows:

March 31, 2020	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	6.2%~13.3%

March 31, 2019	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	6.5%~17.1%

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that Brent Crude price will be in a range of US\$30/bbl to US\$80/bbl, considering the recent declined market price reflecting the impact of COVID-19 and the failure to reach agreement by OPEC Plus to cut oil production, and based on several third parties' mid-long term forecasts.

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

25. CONTINGENT LIABILITIES

I. GUARANTEES

The companies provide various types of guarantees for the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of March 31, 2020 and 2019. 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 March 31, 2020.

Millions of Yen				
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2020				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 95,085	¥ 56,037	¥ 2,018	¥ 54,019
Guarantees for investments accounted for using the equity method	1,101,608	779,288	93,005	686,283
Performance guarantees				
Guarantees for third parties	38,831	36,333	19,146	17,187
Guarantees for investments accounted for using the equity method	65,591	59,646	1,747	57,899
Total	¥ 1,301,115	¥ 931,304	¥ 115,916	¥ 815,388

Millions of Yen				
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2019				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 113,959	¥ 66,675	¥ 3,915	¥ 62,760
Guarantees for investments accounted for using the equity method	864,773	598,869	44,718	554,151
Performance guarantees				
Guarantees for third parties	42,326	36,488	12,681	23,807
Guarantees for investments accounted for using the equity method	88,857	82,127	2,337	79,790
Total	¥ 1,109,915	¥ 784,159	¥ 63,651	¥ 720,508

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of March 31, 2020 and 2019 will expire through 2027 and 2025, respectively.

Guarantees for the investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of March 31, 2020 and 2019 will expire through 2031.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of March 31, 2020 and 2019.

	Millions of Yen			
	2020		2019	
Within 1 year	¥	523,950	¥	354,699
After 1 to 5 years		223,538		330,153
After 5 years		553,627		425,063
Total	¥	1,301,115	¥	1,109,915

II. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

(TAXATION ON CAPITAL GAIN IN INDIA)

Earlyguard Limited ("EG"), a UK subsidiary of Mitsui & Co., Ltd., received a tax payment notice dated January 21, 2020 which requested payment of 24 billion Indian Rupees (¥37 billion) from Indian tax authority.

The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued.

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

26. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Non-cash investing and financing activities:		
Acquisition of assets related to leases.....	¥ 99,749	¥ -
Other payables for acquisition of Property, plant and equipment, Investment property.....	72,558	-
Acquisitions of subsidiaries or other businesses (Note 3):		
The total consideration paid.....	-	78,241
The portion of the consideration consisting of cash and cash equivalents.....	-	78,241
Cash and cash equivalents in the subsidiaries or other businesses acquired.....	-	1,328
Total assets in the subsidiaries or other businesses acquired (including cash and cash equivalents).....	-	110,737
Total liabilities in the subsidiaries or other businesses acquired.....	-	32,496
Proceeds from sales of subsidiaries or other businesses:		
The total consideration received.....	-	65,461
The portion of the consideration consisting of cash and cash equivalents....	-	65,461
Cash and cash equivalents in the subsidiaries or other businesses sold.....	-	1,053
Assets in the subsidiaries or other businesses sold		
Current assets (including cash and cash equivalents).....	-	111,083
Non-current assets.....	-	1,371
Total assets in the subsidiaries or other businesses sold.....	-	112,454
Liabilities in the subsidiaries or other businesses sold		
Current liabilities.....	-	44,127
Non-current liabilities.....	-	67
Total liabilities in the subsidiaries or other businesses sold.....	-	44,194

The changes in liabilities arising from financing activities for the years ended March 31, 2020 and March 31, 2019 were as follows:

Millions of Yen

	Balance at April 1, 2018	Cash flows	Non-cash changes (Note 2)			Balance at March 31, 2019
			Foreign exchange movement	Obtaining or losing control of subsidiaries or other businesses	Others	
Short-term debt (Note 1)	¥ 201,556	¥ 103,252	¥ 1,170	¥ 27,014	¥ 4,036	¥ 337,028
Long-term debt	4,025,379	161,455	74,816	17,647	9,150	4,288,447
Total	¥ 4,226,935	¥ 264,707	¥ 75,986	¥ 44,661	¥ 13,186	¥ 4,625,475

Note 1: Long-term debt includes “Current portion of long-term debt” and “Long-term debt, less current portion” from the Consolidated Statements of Financial Position.

Note 2: “New lease contracts” are included in “Others” due to insignificance.

Millions of Yen

	Balance at April 1, 2019	Cumulative effects of changes in accounting policies (Note 2)	Restated balance at April 1, 2019	Cash flows	Non-cash changes			Balance at March 31, 2020
					Foreign exchange movement	New lease contracts	Others	
Short-term debt	¥ 337,028	¥ -	¥ 337,028	¥ (27,158)	¥ (18,077)	¥ -	¥ 5,665	¥ 297,458
Long-term debt (Note 1)	4,288,447	272,321	4,560,768	27,536	(76,428)	99,749	17,497	4,629,122
Total	¥ 4,625,475	¥ 272,321	¥ 4,897,796	¥ 378	¥ (94,505)	¥ 99,749	¥ 23,162	¥ 4,926,580

Note1: Long-term debt includes “Current portion of long-term debt” and “Long-term debt, less current portion” from the Consolidated Statements of Financial Position.

Note2: The effect of the adoption of IFRS 16.

27. REVERSAL OF PROVISION RELATED TO MULTIGRAIN BUSINESS

Regarding the provisions which Multigrain Trading AG (“Multigrain” a 100% owned subsidiary of the Company) has recognized as losses expected to arise from meeting the obligations under some of the long-term contracts, the contracts were terminated and this resulted in gains of ¥11,083 million for the year ended March 31, 2019, which was the difference between their termination costs and the provisions. The gains are presented as “Reversal of provision related to Multigrain business” within the Consolidated Statements of Income and included in the “Profit for the Period Attributable to Owners of the parent” in the Lifestyle segment for the year ended March 31, 2019. Please see Note 6 “SEGMENT INFORMATION”.

28. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY LLC

In the year ended March 31, 2019, a fire began at the Deer Park tank terminal of Intercontinental Terminals Company LLC (“ITC”), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC.

In the year ended March 31, 2020, ITC has resumed operation after discussions with relevant authorities. Harris County Fire Marshal’s Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

Relating to this incident, ITC has recognized a loss of ¥20,600 million in the year ended March 31, 2019. The costs included those for firefighting and clean-up activities that occurred during the previous fiscal year and reasonably estimated amount based on a certain assumption, deducting the insurance amount that is virtually certain to be paid to ITC. The outstanding balance of provision is ¥14,924 million as of March 31, 2019. Most of the related costs have been paid out in the year ended March 31, 2020, and the outstanding

balance of provision as of March 31, 2020 is immaterial. Further, although ITC recognized additional costs related to this incident in the year ended March 31, 2020, together with insurance benefits that were also recognized, the net amount is immaterial.

The provision related to this incident is presented in the “Provisions” of the Consolidated Statements of Financial Position, the income and losses are presented in “Other income (expense)” of Consolidated Statements of Income and in “Profit for the Year Attributable to Owners of the Parent” in the Chemicals Segment of Note 6 "SEGMENT INFORMATION" for the year ended March 31, 2020 and 2019.

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

29. LOSSES in Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V.

For the year ended March 31, 2020, Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lend to Mozambique coal business or invest in Mozambique rail & port infrastructure business, recognized losses of ¥22,083 million as a loss allowance for doubtful debt and an impairment loss for investments accounted for using the equity method, as a result of the revisions to our various assumptions of long-term production plan due to a decrease in the amount of proven reserves regarding the Moatize mine business. In the Consolidated Statements of Income, a loss allowance is recorded by ¥12,224 million (Mineral & Metal Resources ¥9,779 million, Machinery & Infrastructure ¥2,445 million) in “Selling, general and administrative expenses”, an impairment loss for investments accounted for using the equity method is recorded by ¥6,322 million (Mineral & Metal Resources ¥5,058 million, Machinery & Infrastructure ¥1,264 million) and ¥3,537 million (Mineral & Metal Resources ¥2,830 million, Machinery & Infrastructure ¥707 million) in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” and “Gain (loss) on securities and other investments – net”, respectively.

30. RECOVERABILITY OF DEFERRED TAX ASSETS IN MITSUI E&P MOZAMBIQUE AREA 1 LIMITED ACCOUNTED FOR USING THE EQUITY METHOD

The Company, together with its business partners, has made a final investment decision on the Mozambique LNG project through Mitsui E&P Mozambique Area 1 Limited, its joint venture in the Energy Segment which owns an interest in the LNG project. Due to this final investment decision, the joint venture recognized deferred tax assets mainly for the exploration expenses occurred in prior years, and gain of ¥13,158 million have been recognized in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method”.

31. SUBSEQUENT EVENTS

Dividend

On June 19, 2020, the shareholders approved the payment of a cash dividend to shareholders as of March 31, 2020 of ¥40 per share or a total of ¥68,301 million at the Company’s Ordinary General Meeting of Shareholders.

32. AUTHORIZATION OF THE ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the consolidated financial statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, on June 19, 2020.

2. Others

Quarterly data for the year ended March 31, 2020

Millions of Yen, Except Amounts per Share				
	Year ended March 31, 2020	Nine-month period ended December 31, 2019	Six-month period ended September 30, 2019	Three-month period ended June 30, 2019
Revenue.....	¥ 6,885,033	¥ 5,193,989	¥ 3,411,236	¥ 1,633,120
Profit before Income Taxes.....	534,320	471,312	318,926	172,403
Profit for the Period (Year) Attributable to Owners of the Parent.....	391,513	335,076	234,153	125,036
Basic Earnings per Share Attributable to Owners of the Parent (Yen).....	¥ 226.13	¥ 192.95	¥ 134.71	¥ 71.94
	Three-month period ended March 31, 2020	Three-month period ended December 31, 2019	Three-month period ended September 30, 2019	Three-month period ended June 30, 2019
Basic Earnings per Share Attributable to Owners of the Parent (Yen).....	¥ 33.22	¥ 58.20	¥ 62.77	¥ 71.94

Significant litigation

See Note 25, "CONTINGENT LIABILITIES."

6. Outline Regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	(Special account) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-----
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice	Mitsui carries out its public notifications by means of electronic public notice. https://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Note) Public notice of book closing is not included in the public notices shown in “Method of giving public notice.”

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2020 and the issuance date (June 21, 2020) of the original Japanese version of this Annual Securities Report.

(1) Related to Annual Securities Report

Annual Securities Report and Its Attached Documents and Confirmation Notes

Fiscal year (the 100th) From April 1, 2018 to March 31, 2019 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 20, 2019

Amendment Reports for Annual Securities Report and Its Confirmation Notes

Fiscal year (the 96th) From April 1, 2014 to March 31, 2015 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Fiscal year (the 97th) From April 1, 2015 to March 31, 2016 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Fiscal year (the 98th) From April 1, 2016 to March 31, 2017 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Fiscal year (the 99th) From April 1, 2017 to March 31, 2018 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Fiscal year (the 100th) From April 1, 2018 to March 31, 2019 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Its Confirmation Notes

(The 1st quarter of the 101st period) (From April 1, 2019 to June 30, 2019) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

(The 2nd quarter of the 101st period) (From July 1, 2019 to September 30, 2019) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 8, 2019

(The 3rd quarter of the 101st period) (From October 1, 2019 to December 31, 2019) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 14, 2020

Amendment Reports for Quarterly Securities Report and Its Confirmation Notes

(The 1st quarter of the 100th period) (From April 1, 2018 to June 30, 2018) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

(The 2nd quarter of the 100th period) (From July 1, 2018 to September 30, 2018) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

(The 3rd quarter of the 100th period) (From October 1, 2018 to December 31, 2018) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

(3) Securities Registration Statement and Its Confirmation Notes

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on July 3, 2019

(4) Internal Control Report

Fiscal Year (the 100th) (From April 1, 2018 to March 31, 2019) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 20, 2019

(5) Extraordinary Reports

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2019

Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (transfer of specified subsidiary) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 20, 2020

Under the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Information, etc.

(6) Related to Shelf Registration Statement (corporate bonds)

1) Shelf registration supplements (share certificates, corporate bonds, etc.)

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on July 5, 2019

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on December 6, 2019

2) Amended Shelf Registration Statements

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2019

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 9, 2019

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 20, 2020

(7) Share Buyback Reports

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 12, 2019

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on December 10, 2019

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 10, 2020

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 5, 2020

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 3, 2020

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 3, 2020

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on May 11, 2020

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 5, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Opinion

We have audited the consolidated financial statements of Mitsui & Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Future Oil Price Forecast
Description of Key Audit Matter and Reason of Determination
<p>The Group is engaged in businesses relating to exploration and production of oil, gas and liquefied Natural Gas (“Energy businesses”) across the world, mainly in the Middle East, Southeast Asia, Oceania, North America, Europe and Africa, and report these businesses in the Energy segment. Energy businesses have a significant impact on the financial position and performance of the Group. The balances of the Energy segment’s main assets on the consolidated financial statements as of March 31, 2020 are as follows:</p> <p>Investments accounted for using the equity method: 345,725 million yen (See Note 6 to the consolidated financial statements)</p> <p>Main components of investments measured at fair value through other comprehensive income (“FVTOCI Investments”): 316,529 million yen (See Note 8 to the consolidated financial statements)</p> <p>Property, plant and equipment: 780,975 million yen</p> <p>Main impairment losses of property, plant and equipment and goodwill recognized during the year are disclosed in Note 11 and Note 13 to the consolidated financial statements.</p> <p>As disclosed in Note 2 to the consolidated financial statements, the Group’s accounting policies relating to the valuation of assets and impairment losses above are as follows:</p> <p><u>Impairment (or Reversal of Impairment) on Investments Accounted for Using the Equity Method and Property, Plant and Equipment</u></p> <p>If there is any impairment (or reversal of impairment) indication for an investment accounted for using the equity method or property or plant and equipment, the recoverable amount of the asset is estimated. When the carrying amount exceeds its recoverable amount, the carrying amount is written down to its recoverable amount. In addition, a previously recognized impairment loss is reversed and recorded as income to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.</p> <p><u>Impairment of Goodwill</u></p> <p>Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the relevant recoverable amount annually and when there is an indication that the cash-generating unit may be impaired. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss.</p> <p><u>Valuation of FVTOCI Investments</u></p> <p>FVTOCI Investment is measured at fair value at the end of each reporting period. Gains and losses are recognized through other comprehensive income and loss.</p> <p>Fair value or value in use, based on which recoverable amount is determined for impairment test of the Energy segment assets above, as well as fair value of FVTOCI Investments, are mainly calculated using the discounted cash flow method, where future oil price forecast is used as selling price of the products and has significant impacts on the recoverable amount and fair value.</p> <p>As disclosed in Note 11 and 24 to the consolidated financial statements, future oil price forecast is determined by considering the declined market price level reflecting the impact of Coronavirus disease 2019 (“COVID-19”) and unsuccessful negotiations of Organization of the Petroleum Exporting Countries (“OPEC”) Plus to cut oil production, and several third parties’ mid-long term forecasts. This process involves significant management judgements and estimation uncertainties. In addition, future oil price forecast could affect multiple significant account balances. Therefore, we have determined the future oil price forecast to be a key audit matter.</p>
Audit Responses
<p>In order to understand the estimation process for future oil price forecast and relevant controls, we made inquiries of relevant departments regarding the price forecast and of the personnel who implemented those controls, inspected supporting documents and assessed the reasonableness of the estimation process for the price forecast and the relevant controls, including assessing changes from the prior year.</p>

Also, in order to test the design, implementation and operating effectiveness of relevant controls including review of future oil price forecast, we evaluated the competence of personnel who implemented those controls and inspected the third-party organizations' price forecast reports used in the controls as well as the relevant documents prepared by the Group.

Further, in order to test the Group's future oil price forecast, we:

- Assessed the reliability and reasonableness of the third-party organizations' oil price forecasts used to estimate the Group's future oil price forecast based on inquiries of the relevant personnel of the Group and the information we independently obtained from external parties;
- Performed retrospective review by comparing the previous oil price forecast with the actual oil prices and evaluated whether the Group's oil price forecast was too optimistic or too pessimistic;
- Assessed the reasonableness of the price forecast method used by the Group based on inquiries of the relevant personnel of the Group. Future oil price forecast is determined by considering the declined market price level reflecting the impact of COVID-19 and unsuccessful negotiations of OPEC Plus to cut oil production, and several third parties' mid-long term forecasts. We evaluated whether the Group's methodology in the forecast were not clearly unreasonable;
- Developed reasonable future oil price ranges independently, considering third-party organizations' reports obtained by our fair value specialists, quotation prices of the future market, and the effect of the decline of oil prices due to COVID-19 outbreak and evaluated whether the Group's future oil price forecast was within those ranges;
- Evaluated whether the impairment (reversal of impairment) was required in case there was an impairment (reversal of impairment) indication but impairment (reversal of impairment) was not recognized, by testing recoverable amounts and conducting sensitivity analyses based on our independent future price forecast; and
- Assessed the consistency between the future oil price forecast we tested based on the above procedures and the future oil price forecast disclosed in Note 11 and Note 24 to the consolidated financial statements, and whether the uncertainties of the estimates caused by COVID-19 outbreak were properly disclosed.

Purchase Price Allocation for Investments Accounted for Using the Equity Method

Description of Key Audit Matter and Reason of Determination

The Group continues to acquire new and additional investments in equity method affiliates in various business areas. The carrying amount of investments accounted for using the equity method as of March 31, 2020, was 2,880,958 million yen, which constitutes 24.4% of the Group's consolidated total assets. Share of profit of investments accounted for using the equity method was 269,232 million yen, which constitutes 65.4% of the consolidated profit for the year. Both investments accounted for using the equity method and share of profit in investments accounted for using the equity method are considered material for the consolidated financial statements given these account balances and class of transactions account for significant proportion of the consolidated financial statements.

In investments accounted for using the equity method, the difference between the acquisition consideration of the investment and the Group's interest in the net asset book value of the investee (hereinafter, the amount of excess value) consists of the difference between the net asset book value of the investee and the fair value of the identifiable assets and liabilities of the investee and the amount of goodwill pertaining to the investee, which are included in the book value of investments accounted for using the equity method.

Consideration for acquisition of the investment is allocated to identifiable assets and liabilities of the investee, which are measured at fair value at initial application of the equity method and at the time of additional investment. Where the initial accounting is incomplete by the end of the reporting period in which the investment is executed, the Group reports provisional amounts and is required to complete the accounting during the measurement period, which is within one year from the acquisition date. Among the fair value adjustments of assets and liabilities of equity accounted companies, depreciable assets are depreciated using the straight-line or unit-of-production method, and the Group recognizes the depreciation through the share of profit of investments accounted for using the equity method.

The Group involves external experts in order to execute the allocation of consideration for acquisition of the investments depending on the materiality of the investment. The Group identifies intangible assets that satisfy the recognition criteria under IFRSs and calculates the fair value of these intangible assets using complex valuation models such as the excess return method and the relief from royalty method. The valuation model includes inputs such as future business plan and discount rate. The determination of the inputs and the useful lives of depreciable intangible assets in the valuation model involves management's estimates and requires management's significant judgement. If the identification of intangible assets, the determination of the useful lives of depreciable intangible assets, calculation of fair value, and the allocation of consideration to assets and liabilities of investee are not executed appropriately, there is a possibility that the share of profit of investment accounted for using the equity method is not calculated properly.

Generally, it is harder to obtain information from equity method investees as compared to subsidiaries. The Group has identified the investment risk that it cannot control adequately the management, business operations and asset disposition of equity method investees, or that it cannot make a significant decision due to partners not sharing business objectives and strategic issues. The Group invested 421,778 million yen in equity method investees in the prior year and 87,901 million yen in the current year. Given the quantitative significance of the investments, difficulty of obtaining information and the complexity of the process of the accounting treatment including significant management's judgement, we determined the purchase price allocation performed at the acquisition of the investments accounted for using the equity method to be a key audit matter.

Audit Responses

We performed the audit procedures for the investments accounted for using the equity method with quantitative significance in both consideration and amount of excess value for which the allocation of the consideration to identifiable assets and liabilities was completed in the current fiscal year.

In order to understand the allocation process of consideration to assets and liabilities of the investees and relevant controls, we made inquiries of the personnel in charge within the relevant departments regarding the identification of intangible assets and purchase price allocation. We also tested the design, implementation and operating effectiveness of the relevant controls over the identification of intangible assets and purchase price allocation by performing inspection of supporting documents and evaluating the competence of personnel who implemented those controls.

Further, in order to test the Group's purchase price allocation for the investments accounted for using the equity method, we:

- Evaluated the adequacy, competence and objectivity of external valuation specialists used by the Group;
- Assessed whether the intangible assets were identified properly by the Group based on IFRSs;
- Assessed the valuation model for fair value of intangible assets, such as customer-related assets and trademark-related assets identified by the Group;
- Compared the future business plan used for the fair value measurement of the identifiable assets and liabilities with actual results and assessed whether the future business plan was too optimistic or too pessimistic;
- Assessed the reasonableness of inputs and the estimated useful lives used by the Group; and
- Developed a reasonable range of fair value of intangible assets independently, considering third-party organizations' reports obtained by our fair value specialists and assessed whether the fair value of the intangible assets identified by the Group were within those ranges.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second bullet point in the second paragraph of the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 19, 2020

Management's Annual Report on Internal Control over Financial Reporting (Translation)

NOTE TO READERS

Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Tatsuo Yasunaga, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting(Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2020. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2020.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.

Independent Auditor's Report (filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 19, 2020

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Shuichi Morishige

Designated Engagement Partner,
Certified Public Accountant:

Takashi Kitamura

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

Designated Engagement Partner,
Certified Public Accountant:

Yoshio Oka

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Mitsui & Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2019 to March 31, 2020, including notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Future Oil Price Forecast
Description of Key Audit Matter and Reason of Determination
<p>The Group is engaged in businesses relating to exploration and production of oil, gas and liquefied Natural Gas (“Energy businesses”) across the world, mainly in the Middle East, Southeast Asia, Oceania, North America, Europe and Africa, and report these businesses in the Energy segment. Energy businesses have a significant impact on the financial position and performance of the Group. The balances of the Energy segment’s main assets on the consolidated financial statements as of March 31, 2020, are as follows:</p> <p>Investments accounted for using the equity method: 345,725 million yen (See Note 6 to the consolidated financial statements)</p> <p>Main components of investments measured at fair value through other comprehensive income (“FVTOCI Investments”): 316,529 million yen (See Note 8 to the consolidated financial statements)</p> <p>Property, plant and equipment: 780,975 million yen</p> <p>Main impairment losses of property, plant and equipment and goodwill recognized during the year are disclosed in Note 11 and Note 13 to the consolidated financial statements.</p> <p>As disclosed in Note 2 to the consolidated financial statements, the Group’s accounting policies relating to the valuation of assets and impairment losses above are as follows:</p> <p><u>Impairment (or Reversal of Impairment) on Investments Accounted for Using the Equity Method and Property, Plant and Equipment</u></p> <p>If there is any impairment (or reversal of impairment) indication for an investment accounted for using the equity method or property or plant and equipment, the recoverable amount of the asset is estimated. When the carrying amount exceeds its recoverable amount, the carrying amount is written down to its recoverable amount. In addition, a previously recognized impairment loss is reversed and recorded as income to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.</p> <p><u>Impairment of Goodwill</u></p> <p>Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the relevant recoverable amount annually and when there is an indication that the cash-generating unit may be impaired. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss.</p> <p><u>Valuation of FVTOCI Investments</u></p> <p>FVTOCI Investment is measured at fair value at the end of each reporting period. Gains and losses are recognized through other comprehensive income and loss.</p> <p>Fair value or value in use, based on which recoverable amount is determined for impairment test of the Energy segment assets above, as well as fair value of FVTOCI Investments, are mainly calculated using the discounted cash flow method, where future oil price forecast is used as selling price of the products and has significant impacts on the recoverable amount and fair value.</p> <p>As disclosed in Note 11 and 24 to the consolidated financial statements, future oil price forecast is determined by considering the declined market price level reflecting the impact of Coronavirus disease 2019 (“COVID-19”) and unsuccessful negotiations of Organization of the Petroleum Exporting Countries (“OPEC”) Plus to cut oil production, and several third parties’ mid-long term forecasts. This process involves significant management judgements and estimation uncertainties. In addition, future oil price forecast could affect multiple significant account balances. Therefore, we have determined the future oil price forecast to be a key audit matter.</p>
Audit Responses
<p>In order to understand the estimation process for future oil price forecast and relevant controls, we made inquiries of relevant departments regarding the price forecast and of the personnel who implemented those controls, inspected</p>

supporting documents and assessed the reasonableness of the estimation process for the price forecast and the relevant controls, including assessing changes from the prior year.

Also, in order to test the design, implementation and operating effectiveness of relevant controls including review of future oil price forecast, we evaluated the competence of personnel who implemented those controls and inspected the third-party organizations' price forecast reports used in the controls as well as the relevant documents prepared by the Group.

Further, in order to test the Group's future oil price forecast, we:

- Assessed the reliability and reasonableness of the third-party organizations' oil price forecasts used to estimate the Group's future oil price forecast based on inquiries of the relevant personnel of the Group and the information we independently obtained from external parties;
- Performed retrospective review by comparing the previous oil price forecast with the actual oil prices and evaluated whether the Group's oil price forecast was too optimistic or too pessimistic;
- Assessed the reasonableness of the price forecast method used by the Group based on inquiries of the relevant personnel of the Group. Future oil price forecast is determined by considering the declined market price level reflecting the impact of COVID-19 and unsuccessful negotiations of OPEC Plus to cut oil production, and several third parties' mid-long term forecasts. We evaluated whether the Group's methodology in the forecast were not clearly unreasonable;
- Developed reasonable future oil price ranges independently, considering third-party organizations' reports obtained by our fair value specialists, quotation prices of the future market, and the effect of the decline of oil prices due to COVID-19 outbreak and evaluated whether the Group's future oil price forecast was within those ranges;
- Evaluated whether the impairment (reversal of impairment) was required in case there was an impairment (reversal of impairment) indication but impairment (reversal of impairment) was not recognized, by testing recoverable amounts and conducting sensitivity analyses based on our independent future price forecast; and
- Assessed the consistency between the future oil price forecast we tested based on the above procedures and the future oil price forecast disclosed in Note 11 and Note 24 to the consolidated financial statements, and whether the uncertainties of the estimates caused by COVID-19 outbreak were properly disclosed.

Purchase Price Allocation for Investments Accounted for Using the Equity Method

Description of Key Audit Matter and Reason of Determination

The Group continues to acquire new and additional investments in equity method affiliates in various business areas. The carrying amount of investments accounted for using the equity method as of March 31, 2020, was 2,880,958 million yen, which constitutes 24.4% of the Group's consolidated total assets. Share of profit of investments accounted for using the equity method was 269,232 million yen, which constitutes 65.4% of the consolidated profit for the year. Both investments accounted for using the equity method and share of profit in investments accounted for using the equity method are considered material for the consolidated financial statements given these account balances and class of transactions account for significant proportion of the consolidated financial statements.

In investments accounted for using the equity method, the difference between the acquisition consideration of the investment and the Group's interest in the net asset book value of the investee (hereinafter, the amount of excess value) consists of the difference between the net asset book value of the investee and the fair value of the identifiable assets and liabilities of the investee and the amount of goodwill pertaining to the investee, which are included in the book value of investments accounted for using the equity method.

Consideration for acquisition of the investment is allocated to identifiable assets and liabilities of the investee, which are measured at fair value at initial application of the equity method and at the time of additional investment. Where the initial accounting is incomplete by the end of the reporting period in which the investment is executed, the Group reports provisional amounts and is required to complete the accounting during the measurement period, which is within one year from the acquisition date. Among the fair value adjustments of assets and liabilities of equity accounted companies, depreciable assets are depreciated using the straight-line or unit-of-production method, and the Group recognizes the depreciation through the share of profit of investments accounted for using the equity method.

The Group involves external experts in order to execute the allocation of consideration for acquisition of the investments depending on the materiality of the investment. The Group identifies intangible assets that satisfy the recognition criteria

under International Financial Reporting Standards and calculates the fair value of these intangible assets using complex valuation models such as the excess return method and the relief from royalty method. The valuation model includes inputs such as future business plan and discount rate. The determination of the inputs and the useful lives of depreciable intangible assets in the valuation model involves management's estimates and requires management's significant judgement. If the identification of intangible assets, the determination of the useful lives of depreciable intangible assets, calculation of fair value, and the allocation of consideration to assets and liabilities of investee are not executed appropriately, there is a possibility that the share of profit of investment accounted for using the equity method is not calculated properly.

Generally, it is harder to obtain information from equity method investees as compared to subsidiaries. The Group has identified the investment risk that it cannot control adequately the management, business operations and asset disposition of equity method investees, or that it cannot make a significant decision due to partners not sharing business objectives and strategic issues. The Group invested 421,778 million yen in equity method investees in the prior year and 87,901 million yen in the current year. Given the quantitative significance of the investments, difficulty of obtaining information and the complexity of the process of the accounting treatment including significant management's judgement, we determined the purchase price allocation performed at the acquisition of the investments accounted for using the equity method to be a key audit matter.

Audit Responses

We performed the audit procedures for the investments accounted for using the equity method with quantitative significance in both consideration and amount of excess value for which the allocation of the consideration to identifiable assets and liabilities was completed in the current fiscal year.

In order to understand the allocation process of consideration to assets and liabilities of the investees and relevant controls, we made inquiries of the personnel in charge within the relevant departments regarding the identification of intangible assets and purchase price allocation. We also tested the design, implementation and operating effectiveness of the relevant controls over the identification of intangible assets and purchase price allocation by performing inspection of supporting documents and evaluating the competence of personnel who implemented those controls.

Further, in order to test the Group's purchase price allocation for the investments accounted for using the equity method, we:

- Evaluated the adequacy, competence and objectivity of external valuation specialists used by the Group;
- Assessed whether the intangible assets were identified properly by the Group based on International Financial Reporting Standards;
- Assessed the valuation model for fair value of intangible assets, such as customer-related assets and trademark-related assets identified by the Group;
- Compared the future business plan used for the fair value measurement of the identifiable assets and liabilities with actual results and assessed whether the future business plan was too optimistic or too pessimistic;
- Assessed the reasonableness of inputs and the estimated useful lives used by the Group; and
- Developed a reasonable range of fair value of intangible assets independently, considering third-party organizations' reports obtained by our fair value specialists and assessed whether the fair value of the intangible assets identified by the Group were within those ranges.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2020.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Mitsui & Co., Ltd. as of March 31, 2020, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.