

**Quarterly Securities Report**  
**for the Six-Month Period Ended September 30, 2020**

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2020, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 10, 2020.

**Mitsui & Co., Ltd.**

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

## 1. Overview of Mitsui and Its Subsidiaries

### 1. Selected Financial Data

As of or for the periods ended September 30, 2020 and 2019 and as of or for the year ended March 31, 2020

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019	Three-month period ended September 30, 2020	Three-month period ended September 30, 2019	As of or for the year ended March 31, 2020
<b>Consolidated financial data</b>					
Revenue	¥ 3,043,604	¥ 3,411,236	¥ 1,521,836	¥ 1,778,116	¥ 6,885,033
Gross profit	¥ 367,836	¥ 428,189	¥ 178,129	¥ 218,958	¥ 839,423
Profit for the period attributable to owners of the parent	¥ 110,024	¥ 234,153	¥ 47,467	¥ 109,117	¥ 391,513
Comprehensive income for the period attributable to owners of the parent	¥ 229,395	¥ 6,931	¥ 69,083	¥ (23,717)	¥ (259,448)
Total equity attributable to owners of the parent	¥ —	¥ —	¥ 3,934,146	¥ 4,211,441	¥ 3,817,677
Total assets	¥ —	¥ —	¥ 11,508,898	¥ 12,096,676	¥ 11,806,292
Basic earnings per share attributable to owners of the parent (Yen)	¥ 65.16	¥ 134.71	¥ 28.24	¥ 62.77	¥ 226.13
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 65.13	¥ 134.61	¥ 28.22	¥ 62.73	¥ 225.98
Equity attributable to owners of the parent ratio	—	—	34.18%	34.81%	32.34%
Cash flows from operating activities	¥ 380,836	¥ 326,677	¥ —	¥ —	¥ 526,376
Cash flows from investing activities	¥ (224,216)	¥ (127,502)	¥ —	¥ —	¥ (185,230)
Cash flows from financing activities	¥ (132,316)	¥ 14,626	¥ —	¥ —	¥ (204,561)
Cash and cash equivalents at end of period	¥ —	¥ —	¥ 1,099,279	¥ 1,153,025	¥ 1,058,733

(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.

## 2. 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.

There has been no significant change in our business for the six-month period ended September 30, 2020.

## 2. Operating and Financial Review and Prospects

### 1. Risk Factors

For the six-month period ended September 30, 2020, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2020.

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

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

Forward-looking statements were made as of September 30, 2020, unless otherwise indicated.

#### **(1) Operating Environment**

In the six-month period ended September 30, 2020, even amid the continuing spread of infections of COVID-19, the global economy appears to have made it out of its worst period and there are signs of improvement due to the resumption of economic activities and the effects of economic measures in various countries.

In the U.S., although employment and consumer spending have improved mainly due to the resumption of economic activities, there are concerns that the pace of improvement may be slowing due to a delay in enacting additional economic measures and an increase in the number of infected people. In Europe, the economy has been picking up as a result of resuming economic activities as well. However, there are signs that infections are spreading again in countries such as UK, Spain, and France, and there are concerns that the pace of improvement in employment and consumer spending is slowing. In Japan, although consumer spending and exports showed signs of improvement due to the effects of economic measures and the recovery in demand in China and other countries, the tempo of future improvements is expected to be gradual. Despite the slow recovery in consumption in China, manufacturing activities are recovering quickly and exports and public investment appear to be driving the improvement in the economy. Although infections have continued to spread in Russia and Brazil, the economies are gradually picking up against the backdrop of a recovery in the price of crude oil and other factors.

The global economy is expected to continue to pick up under the assumption that the spread of infections will continue to be controlled by appropriate measures by various governments. However, the pace of improvement is expected to be gradual and it will likely take until next year and thereafter to make up for the decline this year.

## **(2) Results of Operations**

### 1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		3,043.6	3,411.2	(367.6)
Gross profit		367.8	428.2	(60.4)
Selling, general and administrative expenses		(286.8)	(281.8)	(5.0)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	9.0	5.7	+3.3
	Impairment Reversal (Loss) of Fixed Assets—Net	(5.3)	(2.6)	(2.7)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	(0.2)	4.8	(5.0)
	Other Income (Expense)—Net	(1.0)	10.1	(11.1)
Finance Income (Costs)	Interest Income	12.3	23.0	(10.7)
	Dividend Income	35.1	42.3	(7.2)
	Interest Expense	(28.4)	(46.9)	+18.5
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		82.0	136.1	(54.1)
Income Taxes		(67.4)	(68.1)	+0.7
Profit for the Period		117.3	250.9	(133.6)
Profit for the Period Attributable to Owners of the Parent		110.0	234.2	(124.2)

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

### **Revenue**

Revenue for the six-month period ended September 30, 2020 (“current period”) was ¥3,043.6 billion, a decrease of ¥367.6 billion from ¥3,411.2 billion for the corresponding six-month period of the previous year (“previous period”).

### **Gross Profit**

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

### **Selling, general and administrative expenses**

Mainly the Mineral & Resources Segment and the Machinery & Infrastructure Segment recorded a cost increase.

**Other Income (Expenses)***Gain (Loss) on Securities and Other Investments—Net*

For the current period, a gain on sale of securities was recorded in the Machinery & Infrastructure Segment.

*Impairment Reversal (Loss) of Fixed Assets—Net*

For the current period, an impairment loss was recorded in the Machinery & Infrastructure Segment.

*Other Income (Expense)—Net*

For the current period, mainly the Energy Segment recorded derivative related profits and foreign exchange related profits and the Chemicals Segment recorded insurance proceeds in the business in North America. Also, the Mineral & Metal Resources Segment recorded foreign exchange related losses.

For the previous period, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option of an investment.

**Finance Income (Costs)***Dividend Income*

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

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

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

**Income Taxes**

Income taxes for the current period were ¥67.4 billion, a decline of ¥0.7 billion from ¥68.1 billion for the previous period. Mainly due to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd., for the previous period, there was a ¥11.0 billion decline in tax burden.

The effective tax rate for the current period was 36.5%, an increase of 15.2 points from 21.3% for the previous period. The major factors for the increase were an increase of a valuation allowance against a deferred tax asset and an increase in the tax burden due to resource-related high rate taxes in the Energy Segment.

**Profit for the Period Attributable to Owners of the Parent**

Impacts caused by a decrease in demand and a fluctuation in commodity prices due to the effect of the COVID-19 pandemic were included. As a result, profit for the period attributable to owners of the parent was ¥110.0 billion, a decrease of ¥124.2 billion from the previous period.

## 2) Operating Results by Operating Segment

The business of the infrastructure of next-generation electric power, which was a part of the Machinery & Infrastructure Segment, was transferred to the Energy Segment, effective April 1, 2020. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to current period presentation.

### ***Iron & Steel Products Segment***

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(5.8)	2.7	(8.5)
Gross profit	9.6	12.6	(3.0)
Profit (loss) of equity method investments	(4.5)	6.5	(11.0)
Dividend income	0.8	1.1	(0.3)
Selling, general and administrative expenses	(11.6)	(13.6)	+2.0
Others	(0.1)	(3.9)	+3.8

- Profit (loss) of equity method investments decreased mainly due to the following factor:
  - For the current period, Gestamp companies reported a decrease of ¥8.7 billion mainly due to the lower operating time caused by lower automotive production, the impact of foreign exchange fluctuations, and one-time cost related to the structural transformation.

### ***Mineral & Metal Resources Segment***

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	71.3	101.9	(30.6)
Gross profit	100.6	124.8	(24.2)
Profit (loss) of equity method investments	30.2	32.7	(2.5)
Dividend income	20.2	5.0	+15.2
Selling, general and administrative expenses	(33.2)	(16.2)	(17.0)
Others	(46.5)	(44.4)	(2.1)

- Gross profit decreased mainly due to the following factor:
  - Coal mining operations in Australia recorded a decrease of ¥25.3 billion mainly due to lower coal sales prices.
- Profit (loss) of equity method investments decreased mainly due to the following factor:
  - Coal mining operations in Australia recorded a decrease of profit mainly due to lower coal sales price.
- Dividend income increased mainly due to the following factor:
  - For the current period, ¥13.8 billion dividends from Vale S.A. was recorded.
- Selling, general and administrative expenses increased mainly due to the following factor:
  - For the current period, an impairment loss of ¥19.7 billion for doubtful debt was recorded, reflecting the revisions to various assumptions regarding the Moatize mine business in Mozambique.
- In addition to the above, the following factor also affected results:
  - Coal mining operations in Australia recorded a decrease of ¥4.6 billion mainly due to foreign exchange related losses.

## Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(3.7)	64.6	(68.3)
Gross profit	33.3	75.2	(41.9)
Profit (loss) of equity method investments	11.0	25.8	(14.8)
Dividend income	4.3	25.9	(21.6)
Selling, general and administrative expenses	(23.5)	(23.1)	(0.4)
Others	(28.8)	(39.2)	+10.4

- Gross profit decreased mainly due to the following factors:
  - Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥27.7 billion mainly due to decline in production and lower oil and gas prices.
  - Business division at the Headquarters recorded a decrease mainly due to underperformance in LNG trading business.
  - Mitsui E&P USA LLC recorded a decrease of ¥4.2 billion mainly due to lower oil and gas prices.
  - MEP Texas Holdings LLC recorded a decrease of ¥3.8 billion mainly due to lower oil and gas prices and decline in production.
  - Mitsui E&P Italia A S.r.l recorded a decrease of ¥3.7 billion mainly due to an increase in cost.
- Profit of equity method investment decreased mainly due to the following factors:
  - Mitsui E&P Mozambique Area 1 Limited recorded a decrease of ¥11.6 billion mainly due to the recognition of deferred tax assets in accordance with the Final Investment Decision for the project in the previous period.
  - Japan Australia LNG (MIMI) Pty. Ltd recorded a decrease mainly due to lower oil and gas prices.
  - Mitsui & Co. LNG Investment USA, Inc. recorded an increase of ¥3.4 billion due to the commencement of commercial operation at Cameron LNG project.
- Dividends from six LNG projects (Qatargas 1, Oman, Qatargas 3, Sakhalin II, Abu Dhabi and Equatorial Guinea) were ¥4.0 billion in total, a decrease of ¥20.4 billion from the previous period.
- In addition to the above, the following factor also affected results.
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥4.0 billion due to derivative related profits at its overseas subsidiary and foreign exchange related profits.



### ***Machinery & Infrastructure Segment***

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	23.4	37.0	(13.6)
Gross profit	48.3	63.8	(15.5)
Profit (loss) of equity method investments	41.8	47.0	(5.2)
Dividend income	2.2	3.0	(0.8)
Selling, general and administrative expenses	(61.3)	(63.7)	+2.4
Others	(7.6)	(13.1)	+5.5

- Gross profit decreased mainly due to the following factor:
  - For the current period, the subsidiaries in relation to automobile and construction & industrial machinery business recorded a decrease due to the effect of the COVID-19 pandemic.
- Profit (loss) of equity method investments decreased mainly due to the following factor:
  - Investments in gas distribution companies in Brazil recorded a decrease of ¥4.6 billion because of demand decline due to the effect of the COVID-19 pandemic and the depreciation of Brazilian real for the current period, while the refund of service tax payments through arbitrations led to an increase in the previous period.
- Selling, general and administrative expenses increased due to the following factor, while overall, selling, general and administrative expenses decreased in the Machinery & Infrastructure Segment.
  - For the current period, an impairment loss of ¥4.9 billion for doubtful debt was recorded, reflecting the revisions to various assumptions regarding the Moatize mine business in Mozambique.
- In addition to the above, the following factors also affected results:
  - For the current period, a gain on sale of IPP business in North America was recorded.
  - For the current period, ¥4.7 billion impairment loss was recorded in the rolling stock leasing business.

### ***Chemicals Segment***

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	10.7	4.7	+6.0
Gross profit	58.5	61.0	(2.5)
Profit (loss) of equity method investments	2.6	6.8	(4.2)
Dividend income	1.3	1.6	(0.3)
Selling, general and administrative expenses	(47.7)	(52.2)	+4.5
Others	(4.0)	(12.5)	+8.5

- Others include the following factor:
  - For the current period, insurance proceeds were recorded in the business in North America.

### *Lifestyle Segment*

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(11.9)	16.9	(28.8)
Gross profit	58.7	67.2	(8.5)
Profit (loss) of equity method investments	(3.1)	10.3	(13.4)
Dividend income	2.5	2.4	+0.1
Selling, general and administrative expenses	(65.6)	(73.0)	+7.4
Others	(4.4)	10.0	(14.4)

- Gross profit declined mainly due to the following factors:
  - For the current period, subsidiaries, whose businesses are fashion, food and distribution, reported a decrease of profit due to the closure of stores and a decrease in demand for commercial ingredients for the food service industry caused by the state of emergency and curfew.
  - For the current period, reclassification from a consolidated subsidiary for fashion & textile businesses in Asia to an equity method investee caused a ¥3.0 billion decrease.
  - For the previous period, a ¥3.2 billion loss in the valuation of fair value was recorded mainly due to the suspension of drug development in the drug development fund invested through MBK Pharma Partnering Inc.
- Selling, general and administrative expenses increased mainly due to the following factor:
  - For the current period, reclassification from a consolidated subsidiary for fashion & textile businesses in Asia to an equity method investee caused a ¥3.9 billion increase.
- Profit (loss) of equity method investment decreased mainly due to the following factors:
  - For the current period, associated companies, whose businesses are food, fashion, and services, recorded a decrease of profit due to curfew and self-restraint.
  - For the current period, IHH Healthcare Berhad recorded a decrease of ¥5.2 billion mainly because of decline in operation rate due to lower demand for medical tourism and from patients with minor illnesses caused by the effect of the COVID-19 pandemic, and impairment of goodwill over subsidiary in India.
- In addition to the above, the following factor also affected results:
  - For the previous period, 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.

**Innovation & Corporate Development Segment**

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	24.0	1.6	+22.4
Gross profit	57.5	23.4	+34.1
Profit (loss) of equity method investments	4.0	7.1	(3.1)
Dividend income	3.1	2.6	+0.5
Selling, general and administrative expenses	(32.1)	(32.3)	+0.2
Others	(8.5)	0.8	(9.3)

- Gross profit increased mainly due to the following factors:
  - For the previous period, ¥7.1 billion loss was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current period, ¥6.0 billion gain was recorded due to the valuation of fair value on shares.
  - For the current period, a valuation gain was recorded at a holding company as a result of concluding a share transfer agreement to sell its entire shareholding in OSIssoft LLC.
  - For the current period, an increase of ¥4.5 billion was recorded mainly due to good results of energy trading in Mitsui Bussan Commodities Ltd.
  - An increase of ¥2.2 billion was caused by the loss on the valuation and sales of the shares in Mercari, Inc. for the previous period and the profit on the sales of the entire shareholding of it for the current period.
- In addition to the above, the following factors also affected results:
  - For the previous period, a valuation profit on the derivative of ¥4.1 billion was recorded in relation to a put option of an investment.
  - For the current period, a holding company recorded an increase in tax burden in relation to a valuation gain as a result of concluding a share transfer agreement to sell its entire shareholding in OSIssoft LLC.
  - There was a ¥3.3 billion increase in tax burden caused by an increase of gross profit in relation to shares in Hutchison China MediTech Ltd.

### (3) Financial Condition and Cash Flows

#### 1) Financial Condition

(Billions of yen)	September 30, 2020	March 31, 2020	Change
Total Assets	11,508.9	11,806.3	(297.4)
Current Assets	3,766.9	4,124.4	(357.5)
Non-current Assets	7,742.0	7,681.9	+60.1
Current Liabilities	2,291.0	2,701.1	(410.1)
Non-current Liabilities	5,037.9	5,044.3	(6.4)
<i>Net Interest-bearing Debt(*)</i>	<i>3,416.5</i>	<i>3,486.7</i>	<i>(70.2)</i>
Total Equity Attributable to Owners of the Parent	3,934.1	3,817.7	+116.4
Net Debt-to-Equity Ratio (times)	0.87	0.91	(0.04)

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

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

#### Assets

##### Current Assets:

- Cash and cash equivalents increased by ¥40.6 billion.
- Trade and other receivables declined by ¥184.2 billion, mainly due to lower market prices and decreases in trading volume in the Energy Segment and the Chemicals Segment, and decreases in handling amount in the Machinery & Infrastructure Segment.
- Other financial assets declined by ¥162.4 billion, mainly due to market volatility and decreases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.

##### Non-current Assets:

- Investments accounted for using the equity method declined by ¥30.4 billion, mainly due to the following factors:
  - A decline of ¥15.7 billion resulting from foreign currency exchange fluctuations;
  - A decline due to a fair value valuation of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An increase of ¥82.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥87.3 billion due to dividends from equity accounted investees;
  - An increase of ¥17.4 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project; and
  - An increase due to an investment in Japan Arctic LNG B.V., which participates in the Arctic LNG 2 Project in Russia.

- Other investments increased by ¥135.4 billion, mainly due to the following factor:
  - Mainly as a result of higher share prices, fair value on financial assets measured at FVTOCI increased by ¥133.9 billion.
- Trade and other receivables declined by ¥35.2 billion, mainly due to an impairment loss of ¥24.7 billion for doubtful debt regarding the Moatize mine business in Mozambique.
- Property, plant and equipment increased by ¥21.3 billion, mainly due to the following factors:
  - An increase of ¥50.2 billion (including foreign exchange translation profit of ¥39.1 billion) at iron ore mining operations in Australia; and
  - A decline of ¥36.9 billion (including foreign exchange translation loss of ¥7.2 billion) at the oil and gas projects, which include the U.S. shale gas and oil projects from the current period.
- Investment property increased by ¥21.3 billion, mainly due to an increase in the Innovation & Corporate Development Segment.

## Liabilities

### Current Liabilities:

- Short-term debt declined by ¥50.8 billion. Furthermore, the current portion of long-term debt increased by ¥24.5 billion, mainly due to a reclassification to current maturities.
- Trade and other payables declined by ¥72.5 billion, corresponding to the decline in trade and other receivables.
- Other financial liabilities declined by ¥301.4 billion, mainly due to corresponding decline in other financial assets, payments on account payable at the integrated development project in the 2, Otemachi 1-Chome District and decrease in the precious metal lease business in the Innovation & Corporate Development Segment.

### Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥15.0 billion.

## Total Equity Attributable to Owners of the Parent

- Retained earnings decreased by ¥3.7 billion.
- Other components of equity increased by ¥117.9 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥101.2 billion; and
  - Foreign currency translation adjustments increased by ¥45.6 billion, mainly reflecting the appreciation of the Australian dollar against the Japanese Yen, despite the depreciation of the U.S. dollar and the Brazilian real.
- Treasury stock which is a subtraction item in shareholders' equity decreased by ¥0.9 billion, mainly due to the cancellation of the stock for ¥46.7 billion, despite share buy-back for ¥46.0 billion (including a buy-back for share-based compensation plan for employees of ¥6.9 billion).

## 2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	380.8	326.7	+54.1
Cash flows from investing activities	(224.2)	(127.5)	(96.7)
Free cash flow	156.6	199.2	(42.6)
Cash flows from financing activities	(132.3)	14.6	(146.9)
Effect of exchange rate changes on cash and cash equivalents etc.	16.2	(16.9)	+33.1
Change in cash and cash equivalents	40.5	196.9	(156.4)

### *Cash Flows from Operating Activities*

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	380.8	326.7	+54.1
Cash flows from change in working capital	b	75.9	(19.7)	+95.6
Repayments of lease liabilities	c	(30.8)	(29.4)	(1.4)
Core operating cash flow	a-b+c	274.1	317.0	(42.9)

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥75.9 billion of net cash inflow. Repayments of lease liabilities for the current period was ¥30.8 billion of cash outflow. Core operating cash flow, cash flows from operating activities without both net cash from an increase or a decrease in working capital and repayments of lease liabilities, for the current period amounted to ¥274.1 billion. From current period, in order to reflect a regular cash generation output from operating activities more appropriately, repayments of lease liabilities have been deducted. In conformity with this change, Core operating cash flow for the previous period has been restated.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥114.4 billion, a decline of ¥33.6 billion from ¥148.0 billion for the previous period.
  - Depreciation and amortization for the current period was ¥133.1 billion, an increase of ¥13.6 billion from ¥119.5 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	(0.5)	(0.4)	(0.1)
Mineral & Metal Resources	97.2	119.8	(22.6)
Energy	60.2	116.4	(56.2)
Machinery & Infrastructure	26.3	37.8	(11.5)
Chemicals	22.7	13.3	+9.4
Lifestyle	1.3	2.3	(1.0)
Innovation & Corporate Development	30.9	(5.7)	+36.6
All Other and Adjustments and Eliminations	36.0	33.5	+2.5
Consolidated Total	274.1	317.0	(42.9)

### ***Cash Flows from Investing Activities***

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥31.4 billion, mainly due to the following factors:
  - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥17.4 billion.
  - An investment in Japan Arctic LNG B.V, which participates in the Arctic LNG 2 Project in Russia; and
  - A sale of IPP business in North America.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥123.6 billion, mainly due to the following factors:
  - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for 36.5 billion.
  - An expenditure for the oil and gas projects for ¥23.0 billion; and
  - An expenditure for iron ore mining operations in Australia for ¥20.6 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥52.4 billion, mainly due to an expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥36.9 billion.

### ***Cash Flows from Financing Activities***

- Net cash outflows from net change in short-term debt were ¥52.8 billion, net cash inflows from net change in long-term debt were ¥72.5 billion, and cash outflow from repayments of lease liabilities were ¥30.8 billion.
- The cash outflow from the purchases of treasury stock was ¥46.0 billion (including a buy-back for share-based compensation plan for employees of ¥6.9 billion).
- The cash outflow from payments of cash dividends was ¥68.3 billion.

### **(4) Management Issues**

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

For the current period, approximately ¥265.0 billion in loans and investments were implemented, mainly for the integrated development project in the 2, Otemachi 1-Chome District, oil & gas projects and iron ore mining operations in Australia. On the other hand, approximately ¥55.0 billion was collected mainly through a sale of IPP business in North America. We will continue to evolve the financial strategy and portfolio management within cash flow allocation frame work, which is flagged as one of the corporate strategies in the Medium-term Management Plan by maintaining strict investment discipline and pursuing flexible and strategic capital allocation.

(\*)Excludes changes in time deposits

2) Revised forecasts for the year ending March 31, 2021

<Assumption>	<u>1st Half</u> <u>(Actual)</u>	<u>2nd Half</u> <u>(Forecast)</u>	<u>Revised</u> <u>Forecast</u>	<u>Original</u> <u>Forecast</u>
Exchange rate (JPY/USD)	106.32	106.00	106.16	108.00
Crude oil (JCC)	\$36/bbl	\$42/bbl	\$39/bbl	\$33/bbl
Consolidated oil price	\$49/bbl	\$40/bbl	\$44/bbl	\$39/bbl

	March 31, 2021 Revised forecast	March 31, 2021 Original forecast	Change	Description
Gross profit	690.0	680.0	+10.0	Iron ore business
Selling, general and administrative expenses	(620.0)	(610.0)	(10.0)	Travel expenses decrease, while an impairment loss in coal business
Gain on investments, fixed assets and other	0.0	30.0	(30.0)	Miscellaneous
Interest expenses	(30.0)	(50.0)	+20.0	Lower interest rate
Dividend income	70.0	60.0	+10.0	Iron ore business, oil & gas business
Profit (loss) of equity method investments	170.0	170.0	—	
Profit before income taxes	280.0	280.0	—	
Income taxes	(85.0)	(85.0)	—	
Non-controlling Interests	(15.0)	(15.0)	—	
Profit for the year attributable to owners of the parent	180.0	180.0	—	
Depreciation and amortization	300.0	300.0	—	
Core operating cash flow	480.0	400.0	+80.0	

- Original forecast announced in May, 2020 stated that an approximately ¥200.0 billion decrease was included with a high degree of uncertainty as the impact of the COVID-19 pandemic. Since high-uncertainty situation has continued, the profit for the year attributable to owners of the parent of ¥180.0 billion at the original forecast is unchanged for the revised forecast. However, since the situations of respective operating segments are not same, the Lifestyle Segment and the Iron and Steel Products Segment were revised down because the impact will be deeper than the original forecast, while the Innovation & Corporate Development Segment and Chemicals Segment were revised up because the business is relatively solid.
- It is assumed that foreign exchange rates for the six-month period ending March 31, 2021 (2nd half) will be ¥106/US\$, ¥76/AU\$ and ¥19/BRL, while average foreign exchange rates for the six-month period ended September 30, 2020 (1st half) were ¥106.32/US\$, ¥73.91/AU\$ and ¥19.74/BRL. Also, it is assumed that the annual average crude oil price applicable to our financial results for the year ending March 31, 2021 will be US\$44/barrel, up US\$5 from the original assumption, based on the assumption that the crude oil price (JCC) will average US\$42/barrel throughout the six-month period ending March 31, 2021.



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

(Billions of Yen)	Year ending March 31, 2021 Revised Forecast	Year ending March 31, 2021 Original Forecast	Change	Description
Iron & Steel Products	(5.0)	5.0	(10.0)	Steel materials for automotive industry
Mineral & Metal Resources	120.0	120.0	—	
Energy	0.0	0.0	—	
Machinery & Infrastructure	35.0	35.0	—	
Chemicals	25.0	20.0	+5.0	Trading business
Lifestyle	(10.0)	5.0	(15.0)	Decline in dining out and purchasing demand
Innovation & Corporate Development	35.0	15.0	+20.0	Profits from sales/valuation of FVTPL securities.
All Other and Adjustments and Eliminations	(20.0)	(20.0)	—	
Consolidated Total	180.0	180.0	—	

The revised 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 Revised Forecast	Year ending March 31, 2021 Original Forecast	Change	Description
Iron & Steel Products	0.0	0.0	—	
Mineral & Metal Resources	230.0	160.0	+70.0	Iron ore business
Energy	100.0	90.0	+10.0	Oil & gas price improvement
Machinery & Infrastructure	60.0	60.0	—	
Chemicals	45.0	45.0	—	
Lifestyle	5.0	15.0	(10.0)	Decline in dining out and purchasing demand
Innovation & Corporate Development	35.0	15.0	+20.0	Profits from sales/valuation of FVTPL securities.
All Other and Adjustments and Eliminations	5.0	15.0	(10.0)	
Consolidated Total	480.0	400.0	+80.0	

3) 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 (Announced in May 2020)			Original Forecast (Announced in May 2020)	March 2021		Revised Forecast (Announced in October 2020)	
				1 <sup>st</sup> Half (Result)	2 <sup>nd</sup> Half (Assumption)		
Commodity	Crude Oil/JCC	—	33	36	42	39	
	Consolidated Oil Price(*1)	¥3.2 bn (US\$1/bbl)	39	49	40	44	
	U.S. Natural Gas(*2)	¥0.9 bn (US\$0.1/mmBtu)	2.15(*3)	1.81(*4)	2.31(*3)	2.06	
	Iron Ore(*5)	¥2.2 bn (US\$1/ton)	(*6)	105(*7)	(*6)	(*6)	
	Coal	Coking	¥0.4 bn (US\$1/ton)	(*6)	123(*8)	(*6)	(*6)
		Thermal	¥0.1 bn (US\$1/ton)	(*6)	69(*8)	(*6)	(*6)
	Copper(*9)	¥0.7 bn (US\$100/ton)	5,600	5,490(*10)	6,440	5,965	
Forex (*11)	USD	¥1.3 bn (¥1/USD)	108.00	106.32	106.00	106.16	
	AUD	¥1.6 bn (¥1/AUD)	75.00	73.91	76.00	74.95	
	BRL	¥0.3 bn (¥1/BRL)	26.00	19.74	19.00	19.37	

(\*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 FY Mar/2021 it was 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 Mitsui has very limited exposure to U.S. natural gas sold at Henry Hub (HH), the above sensitivities show annual impact of changes in the weighted average sale price.

(\*3) HH price of US\$2.15/mmBtu is assumed for sale prices linked to the HH price for FY Mar/2021 original forecast, and US\$2.31/mmBtu for FY Mar/2021 2nd half.

(\*4) U.S. Gas figures for FY Mar/2021 1st half (result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January 2020 to June 2020.

(\*5) The effect of dividend income from Vale S.A. has not been included.

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

(\*7) Iron ore results figures for FY Mar/2021 1st half (result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2020 to September 2020.

(\*8) Coal results figures for FY Mar/2021 1st half (result) are the quarterly average prices of representative coal brands in Japan (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/2021 1st half (result) are the averages of the LME monthly average cash settlement prices for the period January 2020 to June 2020.

(\*11) Impact of currency fluctuations on reported profit for the year of overseas subsidiaries denominated in their respective functional currencies. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit (denominated in functional currencies) into yen. In the 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 \$ and Brazilian Real) and the impact of currency hedging are not included.

#### 4) Profit Distribution Policy

Our profit distribution policy is as follows:

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

For the period of the Medium-term Management Plan, emphasizing stability and continuity regarding dividends, we have established a minimum annual dividend amount of ¥80 per share, based on our assessment of achievable stable core operating cash flow. In addition, the plan aims to steadily increase dividends through improvements in corporate performance.

Based on corporate performance during the period of the Medium-term Management Plan, a part of cash-out amount will flexibly and promptly be allocated to an investment for growth as well as shareholders return such as an additional dividend and share buy-back.

For the year ending March 31 2021, we envisaged an annual dividend of ¥80 per share(the same as the year ending March31, 2020, including the interim dividend of ¥40 per share) 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. In this connection, we decided to pay an interim dividend of ¥40 per share, the same amount as the previous period.

#### **(5) Research & Development**

There are no contracts for which disclosure is required.

#### 3. Material Contracts

There are no contracts for which disclosure is required.

### 3. Condensed Consolidated Financial Statements

**Condensed Consolidated Statements of Financial Position**  
**Mitsui & Co., Ltd. and subsidiaries**  
**September 30, 2020 and March 31, 2020**

	Millions of Yen	
	September 30, 2020	March 31, 2020
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents .....	¥ 1,099,279	¥ 1,058,733
Trade and other receivables .....	1,438,294	1,622,501
Other financial assets (Note 13) .....	400,461	562,899
Inventories (Note 13) .....	554,357	553,861
Advance payments to suppliers .....	142,798	167,250
Other current assets .....	131,694	159,175
Total current assets .....	3,766,883	4,124,419
<b>Non-current Assets:</b>		
Investments accounted for using the equity method .....	2,850,637	2,880,958
Other investments (Note 13) .....	1,619,786	1,484,422
Trade and other receivables(Note 13) .....	387,187	422,423
Other financial assets (Note 13) .....	148,797	186,010
Property, plant and equipment (Note 6) .....	2,142,671	2,121,371
Investment property (Note 6) .....	273,073	251,838
Intangible assets .....	193,546	195,289
Deferred tax assets .....	51,874	58,908
Other non-current assets .....	74,444	80,654
Total non-current assets .....	7,742,015	7,681,873
<b>Total assets</b> .....	¥ 11,508,898	¥ 11,806,292

**Condensed Consolidated Statements of Financial Position—(Continued)**

**Mitsui & Co., Ltd. and subsidiaries**  
**September 30, 2020 and March 31, 2020**

	Millions of Yen	
	September 30, 2020	March 31, 2020
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term debt .....	¥ 246,699	¥ 297,458
Current portion of long-term debt (Note 8) .....	424,440	399,904
Trade and other payables .....	1,064,031	1,136,504
Other financial liabilities (Notes 12 and 13) .....	325,560	626,963
Income tax payables .....	55,713	46,206
Advances from customers .....	105,855	133,247
Provisions .....	28,167	25,844
Other current liabilities .....	40,575	34,984
Total current liabilities .....	<u>2,291,040</u>	<u>2,701,110</u>
<b>Non-current Liabilities:</b>		
Long-term debt, less current portion (Notes 8 and 13) .....	4,214,175	4,229,218
Other financial liabilities (Notes 12 and 13) .....	92,691	105,279
Retirement benefit liabilities .....	40,980	39,956
Provisions .....	228,176	228,173
Deferred tax liabilities .....	435,394	412,971
Other non-current liabilities .....	26,479	28,653
Total non-current liabilities .....	<u>5,037,895</u>	<u>5,044,250</u>
Total liabilities .....	<u>7,328,935</u>	<u>7,745,360</u>
<b>Equity:</b>		
Common stock .....	342,080	341,776
Capital surplus .....	403,585	402,652
Retained earnings .....	3,358,626	3,362,297
Other components of equity (Note 9) .....	(105,991)	(223,910)
Treasury stock .....	(64,154)	(65,138)
Total equity attributable to owners of the parent .....	<u>3,934,146</u>	<u>3,817,677</u>
Non-controlling interests .....	245,817	243,255
Total equity .....	<u>4,179,963</u>	<u>4,060,932</u>
<b>Total liabilities and equity .....</b>	<u>¥ 11,508,898</u>	<u>¥ 11,806,292</u>



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

**Condensed Consolidated Statements of Comprehensive Income  
Mitsui & Co., Ltd. and subsidiaries  
For the Six-Month Periods Ended September 30, 2020 and 2019**

	Millions of Yen	
	Six-month Period Ended September 30, 2020	Six-month Period Ended September 30, 2019
<b>Comprehensive Income:</b>		
Profit for the period .....	¥ 117,263	¥ 250,859
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI .....	137,206	(58,137)
Remeasurements of defined benefit pension plans .....	(1,417)	(170)
Share of other comprehensive income of investments accounted for using the equity method .....	(9,461)	(753)
Income tax relating to items not reclassified .....	(23,909)	14,978
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments .....	84,399	(62,741)
Cash flow hedges .....	6,678	(3,424)
Share of other comprehensive income of investments accounted for using the equity method .....	(66,227)	(134,175)
Income tax relating to items that may be reclassified .....	(1,870)	5,594
Total other comprehensive income .....	125,399	(238,828)
<b>Comprehensive Income for the Period .....</b>	<b>¥ 242,662</b>	<b>¥ 12,031</b>
<b>Comprehensive Income for the Period Attributable to:</b>		
Owners of the parent .....	¥ 229,395	¥ 6,931
Non-controlling interests .....	13,267	5,100

## Condensed Consolidated Statements of Income and Comprehensive Income

### Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended September 30, 2020 and 2019

	Millions of Yen	
	Three-month Period Ended September 30, 2020	Three-month Period Ended September 30, 2019
<b>Revenue (Notes 4, 5 and 13)</b> .....	¥ 1,521,836	¥ 1,778,116
<b>Cost</b> .....	(1,343,707)	(1,559,158)
<b>Gross Profit (Note 4)</b> .....	178,129	218,958
<b>Other Income (Expenses):</b>		
Selling, general and administrative expenses (Note 7) .....	(152,061)	(140,533)
Gain (loss) on securities and other investments-net .....	540	(655)
Impairment reversal (loss) of fixed assets-net .....	(4,965)	(901)
Gain (loss) on disposal or sales of fixed assets-net .....	(79)	3,449
Other income (expense)-net .....	(1,248)	2,348
Total other income (expenses) .....	(157,813)	(136,292)
<b>Finance Income (Costs):</b>		
Interest income .....	6,118	11,860
Dividend income .....	21,231	17,493
Interest expense .....	(12,945)	(23,122)
Total finance income (costs) .....	14,404	6,231
<b>Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)</b>	47,983	57,626
<b>Profit before Income Taxes</b> .....	82,703	146,523
<b>Income Taxes</b> .....	(32,103)	(30,548)
<b>Profit for the Period</b> .....	¥ 50,600	¥ 115,975
<b>Profit for the Period Attributable to:</b>		
Owners of the parent (Note 4) .....	¥ 47,467	¥ 109,117
Non-controlling interests .....	3,133	6,858
	Yen	
<b>Earnings per Share Attributable to Owners of the Parent (Note 11):</b>		
Basic .....	¥ 28.24	¥ 62.77
Diluted .....	¥ 28.22	¥ 62.73



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

**Condensed Consolidated Statements of Comprehensive Income  
Mitsui & Co., Ltd. and subsidiaries  
For the Three-Month Periods Ended September 30, 2020 and 2019**

	Millions of Yen	
	Three-month Period Ended September 30, 2020	Three-month Period Ended September 30, 2019
<b>Comprehensive Income:</b>		
Profit for the period .....	¥ 50,600	¥ 115,975
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI .....	39,448	(79,605)
Remeasurements of defined benefit pension plans .....	(43)	(39)
Share of other comprehensive income of investments accounted for using the equity method .....	6,570	(250)
Income tax relating to items not reclassified .....	(14,662)	19,371
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments .....	12,223	(28,818)
Cash flow hedges .....	3,403	3,679
Share of other comprehensive income of investments accounted for using the equity method .....	(26,131)	(53,805)
Income tax relating to items that may be reclassified .....	(983)	4,044
Total other comprehensive income .....	19,825	(135,423)
<b>Comprehensive Income for the Period .....</b>	<b>¥ 70,425</b>	<b>¥ (19,448)</b>
<b>Comprehensive Income for the Period Attributable to:</b>		
Owners of the parent .....	¥ 69,083	¥ (23,717)
Non-controlling interests .....	1,342	4,269

**Condensed Consolidated Statements of Changes in Equity**  
**Mitsui & Co., Ltd. and subsidiaries**  
**For the Six-Month Periods Ended September 30, 2020 and 2019**

Millions of Yen	Attributable to owners of the parent							
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non- controlling Interests	Total Equity
<b>Balance as at April 1, 2019</b>	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies .....			(5,306)			(5,306)		(5,306)
<b>Balance as at April 1, 2019 after changes in accounting policies</b>	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the period .....			234,153			234,153	16,706	250,859
Other comprehensive income for the period ...				(227,222)		(227,222)	(11,606)	(238,828)
Comprehensive income for the period .....			234,153	(227,222)		6,931	5,100	12,031
Transaction with owners:								
Dividends paid to owners of the parent .....			(69,524)			(69,524)		(69,524)
Dividends paid to non-controlling interest shareholders .....							(8,826)	(8,826)
Acquisition of treasury stock .....					(6)	(6)		(6)
Sales of treasury stock .....		(133)	(287)		421	1		1
Compensation costs related to share-based payment (Note 2) .....	294	(271)				23		23
Equity transactions with non-controlling interest shareholders .....		16,578		(422)		16,156	(612)	15,544
Transfer to retained earnings .....			30,772	(30,772)		-		-
<b>Balance as at September 30, 2019</b>	¥ 341,776	¥ 403,509	¥ 3,268,463	¥ 204,854	¥ (7,161)	¥ 4,211,441	¥ 262,804	¥ 4,474,245

Millions of Yen	Attributable to owners of the parent							
	Common Stock	Capital Surplus	Retained Earnings (Note 10)	Other Components of Equity (Note 9)	Treasury Stock	Total	Non- controlling Interests	Total Equity
<b>Balance as at April 1, 2020</b>	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the period .....			110,024			110,024	7,239	117,263
Other comprehensive income for the period ...				119,371		119,371	6,028	125,399
Comprehensive income for the period .....			110,024	119,371		229,395	13,267	242,662
Transaction with owners:								
Dividends paid to owners of the parent .....			(68,301)			(68,301)		(68,301)
Dividends paid to non-controlling interest shareholders .....							(8,872)	(8,872)
Acquisition of treasury stock .....					(45,970)	(45,970)		(45,970)
Sales of treasury stock .....		(105)	(127)		232	0		0
Cancellation of treasury stock .....			(46,722)		46,722	-		-
Compensation costs related to share-based payment (Note 2) .....	304	1,053				1,357		1,357
Equity transactions with non-controlling interest shareholders .....		(15)		3		(12)	(1,833)	(1,845)
Transfer to retained earnings .....			1,455	(1,455)		-		-
<b>Balance as at September 30, 2020</b>	¥ 342,080	¥ 403,585	¥ 3,358,626	¥ (105,991)	¥ (64,154)	¥ 3,934,146	¥ 245,817	¥ 4,179,963

**Condensed Consolidated Statements of Cash Flows**  
**Mitsui & Co., Ltd. and subsidiaries**  
**For the Six-Month Periods Ended September 30, 2020 and 2019**

	Millions of Yen	
	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019
<b>Operating Activities:</b>		
Profit for the period	¥ 117,263	¥ 250,859
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	133,082	119,484
Change in retirement benefit liabilities	281	931
Loss allowance	33,078	6,350
(Gain) loss on securities and other investments—net	(8,967)	(5,655)
Impairment (reversal) loss of fixed assets—net	5,270	2,596
(Gain) loss on disposal or sales of fixed assets—net	176	(4,815)
Interest income, dividend income and interest expense	(32,753)	(32,401)
Income taxes	67,430	68,067
Share of (profit) loss of investments accounted for using the equity method	(81,986)	(136,099)
Valuation (gain) loss related to contingent considerations and others	(2,258)	(1,854)
Changes in operating assets and liabilities:		
Change in trade and other receivables	230,646	190,676
Change in inventories	2,148	(40,862)
Change in trade and other payables	(81,534)	(154,456)
Other—net	(75,345)	(15,100)
Interest received	29,034	39,715
Interest paid	(33,544)	(50,695)
Dividends received	114,368	147,975
Income taxes paid	(64,326)	(78,358)
Income taxes refunded	28,773	20,319
Cash flows from operating activities	<u>380,836</u>	<u>326,677</u>
<b>Investing Activities:</b>		
Change in time deposits	(14,560)	2,110
Investments in equity accounted investees	(51,562)	(58,604)
Proceeds from sales of investments in equity accounted investees	20,170	6,199
Purchases of other investments	(16,614)	(18,609)
Proceeds from sales and maturities of other investments	15,723	64,391
Increases in loan receivables	(18,107)	(18,291)
Collections of loan receivables	16,722	12,418
Purchases of property, plant and equipment	(127,944)	(124,859)
Proceeds from sales of property, plant and equipment	4,369	7,932
Purchases of investment property	(52,413)	(6,661)
Proceeds from sales of investment property	-	6,472
Cash flows from investing activities	<u>(224,216)</u>	<u>(127,502)</u>
<b>Financing Activities:</b>		
Change in short-term debt	(52,819)	98,314
Proceeds from long-term debt	518,671	500,690
Repayments of long-term debt	(446,175)	(481,547)
Repayments of lease liabilities (Notes 2 and 4)	(30,832)	(29,426)
Purchases and sales of treasury stock	(45,970)	(5)
Dividends paid	(68,301)	(69,524)
Transactions with non-controlling interests shareholders	(6,890)	(3,876)
Cash flows from financing activities	<u>(132,316)</u>	<u>14,626</u>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	16,242	(16,883)
<b>Change in Cash and Cash Equivalents</b>	40,546	196,918
<b>Cash and Cash Equivalents at Beginning of Period</b>	1,058,733	956,107
<b>Cash and Cash Equivalents at End of Period</b>	<u>¥ 1,099,279</u>	<u>¥ 1,153,025</u>

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

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

### ***1. REPORTING ENTITY***

Mitsui & Co., Ltd. (the “Company”) is a company incorporated in Japan. Condensed Consolidated Financial Statements of the Company have a quarterly closing date as of September 30 and comprises the financial statements of the Company and its subsidiaries (collectively, the “companies”), and the interests in associated companies and joint ventures (collectively, the “equity accounted investees”).

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

The companies conduct sales, export, import, offshore trades and manufacture 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 companies 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 environmental solution business.

### ***2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***

#### **I . BASIS OF PREPARATION**

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

#### **II . USE OF ESTIMATES AND JUDGMENTS**

The preparation of Condensed Consolidated Financial Statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments based on assumptions and estimates.

The judgments based on assumptions and estimates which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year except for the following.

- Note 7 “ IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS”

No significant changes have been made to the estimation of the impact relating to the spread of COVID-19 for the six-month period ended September 30, 2020.

### III. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended September 30, 2020 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year except for the following.

The companies applied the following new standards for Condensed Consolidated Financial Statements from April 1, 2020.

IFRS	Title	Summaries
IFRS 3	Business Combinations (amended in October 2018)	Amendment of definition of a business

Impacts from the application of IFRS 3 "Business Combinations" amended in October 2018 on the Condensed Consolidated Financial Statements are immaterial.

### IV. CHANGES IN PRESENTATION

(Condensed Consolidated Statements of Cash Flows)

“Repayments of lease liabilities”, which was included in “Repayments of long-term debt” for the six-month period ended September 2019 is separately presented from the three-month period ended June 2020 in order to indicate the calculation of Core Operating Cash Flow whose formula has been altered from April 1,2020. Condensed Consolidated Statements of Cash Flows for the six-month period ended September 2019 is reclassified to conform to this change in presentation.

As a result, the amount of ¥(510,973) million for the six-month period ended September 2019, which was presented in “Repayments of long-term debt” within “Cash Flows from Financing Activities” in the Condensed Consolidated Statements of Cash Flows for the six-month period ended September 2019 has been reclassified and presented as ¥(481,547) million for “Repayments of long-term debt” and as ¥(29,426) million for “Repayments of lease liabilities”.

(Condensed Consolidated Statements of Changes in Equity)

Compensation costs related to stock options and share performance-linked restricted stock are integrated in “Compensation costs related to share-based payment” from the six-month period ended September 30, 2020. Compensation costs related to the share-based compensation plan for employees introduced in the six-month period ended September 30, 2020 is also included in this account.

As a result, in Condensed Consolidated Statements of Changes in Equity for the six-month period ended September 30, 2019, the capital surplus of ¥ 23 million for “Compensation costs related to stock options”, the common stock of ¥ 294 million and the capital surplus of ¥ (294) million for “Compensation costs related to share performance-linked restricted stock” have been reclassified and presented as the common stock of ¥ 294 million and the capital surplus of ¥ (271) million for “Compensation costs related to share-based payment”.

### ***3. BUSINESS COMBINATIONS***

#### **For the six-month period ended September 30, 2020**

No material business combinations were completed during the six-month period ended September 30, 2020.

#### **For the six-month period ended September 30, 2019**

No material business combinations were completed during the six-month period ended September 30, 2019.

#### 4. SEGMENT INFORMATION

Millions of Yen

Six-month period ended September 30, 2020:	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 106,032	¥ 597,132	¥ 354,787	¥ 372,189	¥ 597,413	¥ 898,240	¥ 113,911	¥ 3,039,704
Gross Profit.....	¥ 9,576	¥ 100,601	¥ 33,257	¥ 48,294	¥ 58,505	¥ 58,721	¥ 57,548	¥ 366,502
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (4,501)	¥ 30,237	¥ 11,024	¥ 41,813	¥ 2,554	¥ (3,112)	¥ 3,965	¥ 81,980
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (5,797)	¥ 71,261	¥ (3,681)	¥ 23,386	¥ 10,731	¥ (11,946)	¥ 23,958	¥ 107,912
Core Operating Cash Flow.....	¥ (484)	¥ 97,227	¥ 60,246	¥ 26,339	¥ 22,657	¥ 1,311	¥ 30,880	¥ 238,176
Total Assets at September 30, 2020.....	¥ 515,110	¥ 2,096,566	¥ 2,316,277	¥ 2,175,644	¥ 1,199,714	¥ 1,889,739	¥ 1,144,356	¥ 11,337,406

Millions of Yen

Six-month period ended September 30, 2020:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 3,900	¥ —	¥ 3,043,604
Gross Profit.....	¥ 884	¥ 450	¥ 367,836
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 36	¥ (30)	¥ 81,986
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (12,878)	¥ 14,990	¥ 110,024
Core Operating Cash Flow.....	¥ (11,864)	¥ 47,777	¥ 274,089
Total Assets at September 30, 2020.....	¥ 7,099,708	¥ (6,928,216)	¥ 11,508,898

Millions of Yen

Six-month period ended September 30, 2019 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 117,867	¥ 549,654	¥ 446,455	¥ 424,685	¥ 774,816	¥ 1,013,199	¥ 83,233	¥ 3,409,909
Gross Profit.....	¥ 12,601	¥ 124,751	¥ 75,187	¥ 63,845	¥ 61,025	¥ 67,160	¥ 23,368	¥ 427,937
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 6,495	¥ 32,706	¥ 25,819	¥ 47,015	¥ 6,771	¥ 10,298	¥ 7,122	¥ 136,226
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 2,742	¥ 101,884	¥ 64,621	¥ 36,963	¥ 4,745	¥ 16,941	¥ 1,645	¥ 229,541
Core Operating Cash Flow.....	¥ (412)	¥ 119,812	¥ 116,449	¥ 37,756	¥ 13,290	¥ 2,295	¥ (5,692)	¥ 283,498
Total Assets at March 31, 2020.....	¥ 539,599	¥ 1,921,883	¥ 2,566,282	¥ 2,360,321	¥ 1,217,737	¥ 1,907,621	¥ 1,198,286	¥ 11,711,729

Millions of Yen

Six-month period ended September 30, 2019 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
Revenue.....	¥ 1,327	¥ —	¥ 3,411,236
Gross Profit.....	¥ 253	¥ (1)	¥ 428,189
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 97	¥ (224)	¥ 136,099
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (3,303)	¥ 7,915	¥ 234,153
Core Operating Cash Flow.....	¥ 1,805	¥ 31,690	¥ 316,993
Total Assets at March 31, 2020.....	¥ 7,142,647	¥ (7,048,084)	¥ 11,806,292

Millions of Yen								
Three-month period ended September 30, 2020:	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 48,502	¥ 315,508	¥ 180,437	¥ 129,716	¥ 323,455	¥ 455,935	¥ 66,140	¥ 1,519,693
Gross Profit.....	¥ 4,129	¥ 50,335	¥ 7,610	¥ 21,558	¥ 28,572	¥ 30,924	¥ 34,345	¥ 177,473
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (2,627)	¥ 16,842	¥ 5,342	¥ 24,497	¥ 1,640	¥ 657	¥ 1,644	¥ 47,995
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (4,534)	¥ 39,079	¥ (7,132)	¥ 4,876	¥ 4,402	¥ (6,347)	¥ 13,422	¥ 43,766
Core Operating Cash Flow.....	¥ (2,073)	¥ 55,367	¥ 23,820	¥ 13,413	¥ 6,984	¥ (2,278)	¥ 18,148	¥ 113,381

Millions of Yen			
Three-month period ended September 30, 2020:	All Other	Adjustments and Eliminations	Consolidated Total
Revenue .....	¥ 2,144	¥ (1)	¥ 1,521,836
Gross Profit .....	¥ 658	¥ (2)	¥ 178,129
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ (30)	¥ 18	¥ 47,983
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (6,308)	¥ 10,009	¥ 47,467
Core Operating Cash Flow.....	¥ (2,544)	¥ 52,408	¥ 163,245

Millions of Yen								
Three-month period ended September 30, 2019 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
Revenue.....	¥ 59,768	¥ 271,735	¥ 267,955	¥ 251,529	¥ 371,121	¥ 508,397	¥ 46,597	¥ 1,777,102
Gross Profit.....	¥ 6,188	¥ 62,959	¥ 40,907	¥ 33,736	¥ 29,191	¥ 30,558	¥ 14,968	¥ 218,507
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 3,568	¥ 16,427	¥ 3,673	¥ 21,195	¥ 3,274	¥ 5,811	¥ 3,661	¥ 57,609
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ 1,211	¥ 52,894	¥ 24,228	¥ 19,648	¥ 659	¥ 9,369	¥ (463)	¥ 107,546
Core Operating Cash Flow.....	¥ (583)	¥ 62,133	¥ 57,730	¥ 19,513	¥ 6,789	¥ (5,106)	¥ (3,587)	¥ 136,889

Millions of Yen			
Three-month period ended September 30, 2019 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
Revenue .....	¥ 1,012	¥ 2	¥ 1,778,116
Gross Profit .....	¥ 452	¥ (1)	¥ 218,958
Share of Profit (Loss) of Investments Accounted for Using the Equity Method....	¥ 72	¥ (55)	¥ 57,626
Profit (Loss) for the Period Attributable to Owners of the parent.....	¥ (1,894)	¥ 3,465	¥ 109,117
Core Operating Cash Flow.....	¥ (150)	¥ 37,899	¥ 174,638

Notes: (1)“All Other” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of “All Other” at September 30, 2020 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 Period Attributable to Owners of the parent of “Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
- (4) Formerly, Core Operating Cash Flow was calculated by eliminating the sum of the “Changes in Operating Assets and Liabilities” from “Cash Flows from Operating Activities” as presented in the Condensed Consolidated Statements of Cash Flows. From the three-month period ended June 30, 2020, it is calculated by additionally deducting the “Repayments of lease liabilities” as presented in the “Cash Flows from Financing Activities”. In accordance with this change, Core Operating Cash Flow for the six-month and the three-month periods ended September 30, 2019 has been restated.
- (5) In order to accelerate our multifaceted, flexible initiatives that combine various kinds of knowledge from different business domains, the business 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, from the three-month period ended June 30, 2020. In accordance with this change, the segment information for the six-month and the three-month periods ended September 30, 2019 has been restated to conform to the current period presentation.

## 5. REVENUE

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

Six-month period ended September 30, 2020:	Millions of Yen								
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 101,308	¥ 478,066	¥ 225,408	¥ 341,304	¥ 587,143	¥ 711,498	¥ 73,892	¥ 3,647	¥ 2,522,266

Six-month period ended September 30, 2019:	Millions of Yen								
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Others	Total
Revenue recognized from contracts with customers	¥ 114,176	¥ 444,392	¥ 251,038	¥ 377,539	¥ 763,615	¥ 784,118	¥ 70,435	¥ 1,734	¥ 2,807,047

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

### Property, plant and equipment

The amount of acquisitions of property, plant and equipment for the six-month period ended September 30, 2020 was ¥104,193 million and the amount of disposals was not material.

The amount of acquisitions of property, plant and equipment for the six-month period ended September 30, 2019 was ¥165,644 million and the amount of disposals was not material.

### Investment property

The amount of acquisitions of investment property for the six-month period ended September 30, 2020 was ¥24,576 million and the amount of disposals was not material.

The amounts of acquisitions and disposals of investment property for the six-month period ended September 30, 2019 were not material.

## **7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS**

For the six-month period ended September 30, 2020, Mitsui & Co. Mozambique Coal Finance Limited, which lends to Mozambique coal business, recognized a loss of ¥ 24,668 million as a loss allowance for doubtful debt in “Selling, general and administrative expenses” in the Condensed Consolidated Statements of Income (Mineral & Metal Resources ¥ 19,734 million, Machinery & Infrastructure ¥ 4,934 million) due to the decrease of production mainly related to the revision of the production plan and the decline in the coal prices which are based on several third parties’ mid-long term forecasts.

The amount of impairment losses for assets for the six-month period ended September 30, 2019 was not material.

The amounts of reversals of impairment losses for assets for the six-month period ended September 30, 2020 and 2019 were not material.

## **8. ISSUES AND REPAYMENTS OF BONDS**

The total amount of repaid bonds for the six-month period ended September 30, 2020 was none.

The total amount of issued bonds for the six-month period ended September 30, 2020 was ¥28,136 million.

The total amount of repaid bonds for the six-month period ended September 30, 2019 was ¥10,471 million.

The total amount of issued bonds for the six-month period ended September 30, 2019 was ¥55,000 million.

## 9. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2020 and 2019 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019
<b>Financial Assets Measured at FVTOCI:</b>		
Balance at beginning of period .....	¥ 7,479	¥ 356,498
Increase (decrease) during the period .....	104,155	(43,517)
Transfer to retained earnings .....	(2,913)	(30,824)
Balance at end of period .....	¥ 108,721	¥ 282,157
<b>Remeasurements of Defined Benefit Pension Plans:</b>		
Balance at beginning of period .....	¥ -	¥ -
Increase (decrease) during the period .....	(1,458)	(52)
Transfer to retained earnings .....	1,458	52
Balance at end of period .....	¥ -	¥ -
<b>Foreign Currency Translation Adjustments:</b>		
Balance at beginning of period .....	¥ (177,143)	¥ 124,506
Increase (decrease) during the period .....	45,687	(155,761)
Balance at end of period .....	¥ (131,456)	¥ (31,255)
<b>Cash Flow Hedges:</b>		
Balance at beginning of period .....	¥ (54,246)	¥ (17,734)
Increase (decrease) during the period .....	(29,010)	(28,314)
Balance at end of period .....	¥ (83,256)	¥ (46,048)
<b>Total:</b>		
Balance at beginning of period .....	¥ (223,910)	¥ 463,270
Increase (decrease) during the period .....	119,374	(227,644)
Transfer to retained earnings .....	(1,455)	(30,772)
Balance at end of period .....	¥ (105,991)	¥ 204,854



## 12. CONTINGENT LIABILITIES

### I. GUARANTEES

The companies provide various types of guarantees for the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of September 30, 2020 and March 31, 2020. The maximum potential amount of future payments represents the amount without consideration of possible recovery under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee through an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood of performing guarantees which would materially affect the consolidated financial position, operating results, or cash flows of the companies is remote at September 30, 2020.

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
<b>September 30, 2020</b>				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties .....	¥ 438,003	¥ 59,623	¥ 1,832	¥ 57,791
Guarantees for investments accounted for using the equity method .....	1,067,391	692,799	120,506	572,293
Performance guarantees				
Guarantees for third parties .....	64,298	56,982	20,315	36,667
Guarantees for investments accounted for using the equity method .....	63,790	57,905	1,703	56,202
Total .....	<u>¥ 1,633,482</u>	<u>¥ 867,309</u>	<u>¥ 144,356</u>	<u>¥ 722,953</u>

**Millions of Yen**

	<b>Maximum potential amount of future payments</b>	<b>Amount outstanding (a)</b>	<b>Recourse provisions/ Collateral (b)</b>	<b>Net amount outstanding (a)-(b)</b>
<b>March 31, 2020</b>				
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 .....	<u>¥ 1,301,115</u>	<u>¥ 931,304</u>	<u>¥ 115,916</u>	<u>¥ 815,388</u>

*Guarantees for third parties*

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of September 30, 2020 and March 31, 2020 will expire through 2027.

*Guarantees for investments accounted for using the equity method*

The companies, severally or jointly with others, issue guarantees for investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of September 30, 2020 and March 31, 2020 will expire through 2031.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2020 and March 31, 2020.

	<b>Millions of Yen</b>	
	<b>September 30, 2020</b>	<b>March 31, 2020</b>
Within 1 year .....	¥ 520,479	¥ 523,950
After 1 to 5 years .....	218,739	223,538
After 5 years .....	894,264	553,627
Total .....	<u>¥ 1,633,482</u>	<u>¥ 1,301,115</u>

## II. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising from the conduct of the companies' businesses. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

### (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.

### 13. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

#### Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### Level 2:

Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

#### Level 3:

Unobservable inputs for the assets or liabilities.

#### **(1) Valuation techniques**

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

#### Trades and other receivables

- Trades and other receivables other than measured at amortized cost are measured at fair value.

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

#### Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

#### Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of September 30, 2020 and March 31, 2020 were not material.

#### **(2) Valuation process**

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel of the Company. All of the valuations, including those performed by the external experts, are reviewed and approved by the responsible personnel of the Company.



**(3) Assets and liabilities measured at fair value on a recurring basis**

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 and March 31, 2020 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2020 and 2019.

September 30, 2020	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Trades and other receivables:					
Loan measured at FVTPL .....	—	—	¥ 22,033		
Total trades and other receivables	—	—	¥ 22,033	—	¥ 22,033
Other investments:					
Financial assets measured at FVTPL ...	¥ 12,944	—	¥ 122,019		
Financial assets measured at FVTOCI ...	755,878	—	691,958		
Total other investments	¥ 768,822	—	¥ 813,977	—	¥ 1,582,799
Derivative assets:					
Foreign exchange contracts .....	—	¥ 40,319	—		
Interest rate contracts .....	—	65,511	—		
Commodity contracts .....	¥ 33,712	622,606	¥ 623		
Others .....	—	—	13,319		
Total derivative assets	¥ 33,712	¥ 728,436	¥ 13,942	¥ (525,331)	¥ 250,759
Inventories .....	—	¥ 112,603	—	—	¥ 112,603
Total assets .....	¥ 802,534	¥ 841,039	¥ 849,952	¥ (525,331)	¥ 1,968,194
<b>Liabilities:</b>					
Derivative liabilities:					
Foreign exchange contracts .....	—	¥ 18,735	—		
Interest rate contracts .....	—	16,175	—		
Commodity contracts .....	¥ 23,359	623,669	¥ 1,277		
Others .....	—	—	3,979		
Total derivative liabilities	¥ 23,359	¥ 658,579	¥ 5,256	¥ (519,964)	¥ 167,230
Total liabilities .....	¥ 23,359	¥ 658,579	¥ 5,256	¥ (519,964)	¥ 167,230

Millions of Yen

March 31, 2020

	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Trades and other receivables:					
Loan measured at FVTPL .....	—	—	¥ 22,698		
Total trades 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
<b>Liabilities:</b>					
Derivative liabilities:					
Foreign exchange contracts .....	—	¥ 37,517	—		
Interest rate contracts .....	—	18,910	—		
Commodity contracts .....	¥ 38,445	1,430,142	¥ 2,083		
Others .....	—	—	8,422		
Total derivative liabilities	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471
Total liabilities .....	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471

\*Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts, and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

The balance at the beginning of period of the loan measured at FVTPL was ¥22,698 million and the balance at end of period was ¥22,033 million for the six-month period ended September 30, 2020.

The balance at the beginning of period of the loan measured at FVTPL was ¥22,415 million and the balance at end of period was ¥21,390 million for the six-month period ended September 30, 2019.

There was no material movement other than its exchange rate change during both periods.

The reconciliation of financial assets measured at FVTPL for the six-month period ended September 30, 2020 and 2019 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019
Balance at beginning of period .....	¥ 115,940	¥ 111,504
Gains (losses) .....	9,663	(3,016)
Purchases .....	6,574	11,705
Sales .....	(9,160)	(7,852)
Transfers into Level 3 .....	—	—
Transfers out of Level 3 .....	—	—
Others (Note) .....	(998)	(2,996)
Balance at end of period .....	¥ 122,019	¥ 109,345
Net change in unrealized gains (losses) still held at end of period	¥ 9,810	¥ (3,174)

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

Gains (losses) related to financial assets measured at FVTPL ("FVTPL gains(losses)") were included in "Revenue" and "Gain (loss) on securities and other investments-net".

The reconciliation of financial assets measured at FVTOCI for the six-month period ended September 30, 2020 and 2019 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2020	Six-month period ended September 30, 2019
Balance at beginning of period .....	¥ 671,358	¥ 762,857
Other comprehensive income .....	8,949	8,180
Purchases .....	5,763	10,005
Sales .....	(2,455)	(7,078)
Transfers into Level 3 .....	—	—
Transfers out of Level 3 (Note 1) .....	—	(2,175)
Others (Note 2) .....	8,343	(2,611)
Balance at end of period .....	¥ 691,958	¥ 769,178

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 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 adjustments" in Condensed Consolidated Statements of Comprehensive Income.

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of September 30, 2020 and March 31, 2020 were as follows:

<b>September 30, 2020</b>	<b>Valuation Technique</b>	<b>Principal Unobservable Input</b>	<b>Range</b>
Financial assets measured at FVTOCI	Income approach	Discount rate	5.5% ~ 12.5%

  

<b>March 31, 2020</b>	<b>Valuation Technique</b>	<b>Principal Unobservable Input</b>	<b>Range</b>
Financial assets measured at FVTOCI	Income approach	Discount rate	6.2% ~ 13.3%

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that Brent Crude price will be in a range of US\$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.

#### **(4) 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 approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rate and long-term debt with fixed rate 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 financial instruments as of September 30, 2020 and March 31, 2020 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate their fair values.

	<b>Millions of Yen</b>			
	<b>September 30, 2020</b>		<b>March 31, 2020</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 36,987	¥ 37,769	¥ 37,105	¥ 37,553
Non-current receivables				
Trade and other receivables and Other financial assets (*) .....	535,984	535,984	608,433	608,433
Non-current liabilities				
Long-term debts, less current portion and Other financial liabilities (*) .....	¥ 4,306,865	¥ 4,365,022	¥ 4,334,497	¥ 4,399,197

(\*)The fair values of Other financial assets and Other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds.

#### **14. RECOVERABILITY OF DEFERRED TAX ASSETS IN MITSUI E&P MOZAMBIQUE AREA 1 LIMITED ACCOUNTED FOR USING THE EQUITY METHOD**

In the six-month period ended September 30, 2019, the Company, together with its business partners, 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” in Condensed Consolidated Statements of Income for the six-month period ended September 30, 2019.

## ***15. THE FIRE INCIDENT OF INTERCONTINENTAL TERMINALS COMPANY LLC***

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

The profit and loss related to this incident recognized in the six-month period ended September 30, 2020 and 2019, and the outstanding balance of related provision as of September 30, 2020 are immaterial.

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

## ***16. SUBSEQUENT EVENTS***

### Interim Dividend

On October 30, 2020, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2020 of ¥ 40 per share or a total of ¥ 67,331 million.

## ***17. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***

The issue of Condensed Consolidated Financial Statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Executive Vice President and CFO, on November 10, 2020.