Quarterly Securities Report
for the Nine-Month Period Ended December 31, 2020

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2020, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 12, 2021.

Mitsui & Co., Ltd.

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

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

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

		In millions of Yen, except amounts per share and other				
		Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019	Three-month period ended December 31, 2020	Three-month period ended December 31, 2019	As of or for the year ended March 31, 2020
Consolidated financial data						
Revenue	¥	4,699,072	5,012,969	1,655,468	1,799,627	6,957,524
Gross profit	¥	568,200	633,077	200,364	209,362	838,467
Profit for the period attributable to owners of the parent	¥	198,937	350,068	88,913	127,198	414,215
Comprehensive income for the period attributable to owners of the parent	¥	497,987	341,633	268,592	(36,176)	429,917
Total equity attributable to owners of the parent	¥	-	-	4,135,896	4,174,528	4,263,166
Total assets	¥	-	-	11,841,677	11,826,976	11,945,779
Basic earnings per share attributable to owners of the parent (Yen)	¥	118.01	201.42	52.94	73.19	238.33
Diluted earnings per share attributable to owners of the parent (Yen)	¥	117.95	201.27	52.92	73.13	238.15
Equity attributable to owners of the parent ratio	%	-	-	34.93	35.30	35.69
Cash flows from operating activities	¥	502,450	361,473	-	-	410,670
Cash flows from investing activities	¥	(308,541)	(448,951)	-	-	(719,036)
Cash flows from financing activities	¥	(282,292)	(93,933)	-	-	127,376
Cash and cash equivalents at end of period	¥	-	-	978,528	953,222	956,107

(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 nine-month period ended December 31, 2020.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 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 December 31, 2020, unless otherwise indicated.

(1) Operating Environment

In the nine-month period ended December 31, 2020, although the global economy appears to have made it out of its worst period mainly due to the effects of economic measures in various countries and an early economic recovery in China, there has been a resurgence in COVID-19 infections in many countries beginning in the fall and the momentum of economic recovery has weakened.

In the U.S., a slowdown seemed to be strengthening due to the resurgence in infections toward the end of 2020. However, the economy is expected to receive a boost from large additional economic measures by the new administration and from progress in vaccinations. In Europe, the economic conditions are worsening again due to stricter curfews in various countries as the cases of infections resurge. There are concerns that the economic recovery in Europe may be delayed as it will take a certain amount of time until vaccinations become widespread. In Japan, although consumer spending and exports continued to improve due to the effects of economic measures and the recovery in demand in China and other countries, the economy is expected to slow down once more due to the declaration of a state of emergency again as infections have rapidly increased since the end of the year. In China, exports continue to grow at a high rate, investment and consumer spending are recovering, and the economic growth rate is returning to the level prior to the COVID-19 outbreak. In Russia and Brazil, although there are positive signs of economic recovery such as a rise in the price of crude oil, the economic recovery in Russia is expected to be hindered by stricter curfews in response to a resurgence in infections.

The global economic recovery is expected to be boosted by additional economic measures in various countries as well as by widespread availability of vaccinations. However, economic activities are not expected to return to the level before the COVID-19 outbreak until the second half of 2021 at the earliest since it will take some time until vaccinations become widely available.

(2) <u>Results of Operations</u>

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		4,699.1	5,194.0	(494.9)
Gross profit		568.2	640.4	(72.2)
Selling, general and administrative expenses		(451.8)	(437.9)	(13.9)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	7.0	2.6	+4.4
	Impairment Reversal (Loss) of Fixed Assets—Net	(40.1)	(11.6)	(28.5)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	1.2	7.2	(6.0)
	Other Income (Expense)—Net	(4.3)	26.2	(30.5)
Finance Income (Costs)	Interest Income	16.6	32.5	(15.9)
	Dividend Income	61.9	82.1	(20.2)
	Interest Expense	(41.0)	(69.4)	+28.4
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		155.0	199.2	(44.2)
Income Taxes		(63.1)	(113.0)	+49.9
Profit for the Period		209.6	358.3	(148.7)
Profit for the Period Attributable to Owners of the Parent		198.9	335.1	(136.2)

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

Revenue

Revenue for the nine-month period ended December 31, 2020 (“current period”) was ¥4,699.1 billion, a decrease of ¥494.9 billion from ¥5,194.0 billion for the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

Mainly the Energy Segment, the Machinery & Infrastructure Segment, the Mineral & Metal Resources 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 & Metal Resources Segment recorded a cost increase, while the Lifestyle Segment recorded a cost decrease.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

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

Impairment Reversal (Loss) of Fixed Assets—Net

For the current period, impairment losses were recorded mainly in the Energy Segment and the Machinery & Infrastructure Segment, while an impairment reversal was recorded in the Innovation & Corporate Development Segment.

For the previous period, an impairment loss was recorded mainly in the Lifestyle Segment.

Other Income (Expense)—Net

For the current period, mainly the Mineral & Metal Resources Segment and the Machinery & Infrastructure Segment recorded losses related to a business in Mozambique. Also, the Mineral & Metal Resources Segment recorded foreign exchange related losses, while the Chemicals Segment recorded insurance proceeds in the business in North America.

For the previous period, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option on an investment and the Lifestyle Segment recorded a gain on the sales of property management business.

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

Income Taxes

Income taxes for the current period were ¥63.1 billion, a reduction of ¥49.9 billion from ¥113.0 billion for the previous period. For the current period, ¥39.0 billion profit was recorded through the deferred tax assets recognitions due to the reorganization of the U.S. subsidiaries in the Energy Segment.

The effective tax rate for the current period was 23.1%, a decrease of 0.9 points from 24.0% for the previous period. Although there was an increase in tax effective rate due to an impairment loss not recognizable for deferred tax in the Mineral & Metal Resources Segment, there was a decrease in tax effective rate due to a deferred tax assets recognition in the Energy Segment. Considering these items, the tax effective rate was lower than the previous period.

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 ¥198.9 billion, a decrease of ¥136.2 billion from the previous period.

2) Operating Results by Operating Segment

The business 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 the current period's presentation.

Iron & Steel Products Segment

(Billions of Yen)		Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent		(2.8)	3.5	(6.3)
	Gross profit	14.8	18.3	(3.5)
	Profit (loss) of equity method investments	(0.3)	9.2	(9.5)
	Dividend income	1.1	1.7	(0.6)
	Selling, general and administrative expenses	(16.8)	(19.8)	+3.0
	Others	(1.6)	(5.9)	+4.3

・Profit (loss) of equity method investments decreased mainly due to the following factor:
  - For the current period, Gestamp companies reported a decrease of ¥8.0 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		76.9	135.9	(59.0)
	Gross profit	167.5	176.5	(9.0)
	Profit (loss) of equity method investments	45.3	43.5	+1.8
	Dividend income	25.8	18.4	+7.4
	Selling, general and administrative expenses	(64.1)	(33.5)	(30.6)
	Others	(97.6)	(69.0)	(28.6)

・Gross profit decreased mainly due to the following factors:
  - Coal mining operations in Australia recorded a decrease of ¥26.0 billion mainly due to lower sales prices.
  - Iron ore mining operations in Australia recorded an increase of ¥17.2 billion mainly due to higher sales prices.

・Profit (loss) of equity method investments increased mainly due to the following factors:
  - Compañía Minera Doña Inés de Collahuasi SCM, a copper mining company in Chile, recorded an increase of ¥5.8 billion mainly due to a higher sales volume.
  - Iron ore mining operations in Australia recorded an increase of ¥3.7 billion mainly due to higher sales prices.
  - Coal mining operations in Australia recorded a decrease of profit mainly due to lower sales prices.
  - Following the revisions to our various assumptions, impairment losses of ¥3.8 billion for the current period, and ¥5.1 billion for the previous period were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.

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

・Selling, general and administrative expenses increased mainly due to the following factors:
  - Following the revisions to our various assumptions, impairment losses of ¥35.9 billion for the current period and ¥9.8 billion for the previous period for doubtful debts were recorded regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.

- For the current period, an impairment loss of ¥8.3 billion for doubtful debt was recorded, based on the conclusion of share transfer agreement for the SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine.

・In addition to the above, the following factors also affected results:
- Following the revisions to our various assumptions, impairment losses of ¥19.2 billion were recorded for the current period regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
- Iron ore mining operations in Australia recorded a decrease of ¥4.3 billion due to foreign exchange related losses.
- Coal mining operations in Australia recorded a decrease of ¥4.0 billion 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	26.7	96.1	(69.4)
Gross profit	44.7	109.7	(65.0)
Profit (loss) of equity method investments	15.6	32.8	(17.2)
Dividend income	19.9	47.0	(27.1)
Selling, general and administrative expenses	(34.6)	(34.0)	(0.6)
Others	(18.9)	(59.4)	+40.5

・Gross profit decreased mainly due to the following factors:
- Mitsui Oil Exploration Co., Ltd. recorded a decrease of ¥44.7 billion mainly due to decline in production, and lower oil and gas prices.
- Business division at the Headquarters recorded a decrease mainly due to impact of hurricane in LNG trading business.
- Mitsui E&P USA LLC recorded a decrease of ¥5.1 billion mainly due to lower oil and gas prices.
- MEP Texas Holdings LLC recorded a decrease of ¥4.7 billion mainly due to lower oil and gas prices.
- Mitsui E&P Italia A S.r.l recorded a decrease of ¥3.9 billion mainly due to an increase in cost.
- AWE recorded an increase of ¥3.7 billion due to decrease of depreciation cost.

・Profit (loss) 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 ¥5.9 billion due to the commencement of commercial operation at the Cameron LNG Project.

・Dividends from six LNG projects (Sakhalin II, Qatargas 1, Oman, Abu Dhabi, Qatargas 3 and Equatorial Guinea) were ¥19.5 billion in total, a decrease of ¥25.6 billion from the previous period.

・In addition to the above, the following factors also affected results:
- For the current period, profit of ¥39.0 billion was recorded due to recognition of deferred tax assets in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.
- For the current period, mainly due to lower oil price, Mitsui E&P Italia A S.r.l recorded an impairment loss of ¥32.1 billion for its Tempa Rossa project.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	35.2	61.2	(26.0)
Gross profit	75.8	100.3	(24.5)
Profit (loss) of equity method investments	73.3	76.2	(2.9)
Dividend income	2.7	4.4	(1.7)
Selling, general and administrative expenses	(94.2)	(97.5)	+3.3
Others	(22.4)	(22.2)	(0.2)

- Gross profit decreased mainly due to the following factor:
  - For the current period, the subsidiaries in relation to the automobile, construction & industrial machinery and railways 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 factors:
  - Investments in gas distribution companies in Brazil recorded a decrease of ¥5.0 billion because of tariff reduction as prior year adjustment, the depreciation of the Brazilian real for the current period and demand decline due to the effect of the COVID-19 pandemic, while the refund of service tax payments through arbitrations led to a transient increase in the previous period.
  - Following the revisions to our various assumptions, impairment losses of ¥0.9 billion for the current period, and ¥1.3 billion for the previous period were recorded for the Nacala Corridor rail & port infrastructure business in Mozambique.
- Selling, general and administrative expenses decreased, while there was the following increase factor:
  - For the current period, an impairment loss of ¥9.0 billion for doubtful debt was recorded, reflecting the revisions to various assumptions regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
- In addition to the above, the following factors also affected results:
  - For the current period, ¥9.1 billion impairment loss was recorded in the rolling stock leasing business.
  - Following the revisions to our various assumptions, impairment losses of ¥4.8 billion were recorded for the current period regarding the Moatize mine business and Nacala Corridor rail & port infrastructure business in Mozambique.
  - For the current period, a gain on sale of the IPP business in North America was recorded.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	32.4	16.6	+15.8
Gross profit	92.2	89.7	+2.5
Profit (loss) of equity method investments	7.3	10.0	(2.7)
Dividend income	2.2	2.5	(0.3)
Selling, general and administrative expenses	(70.1)	(77.4)	+7.3
Others	0.8	(8.2)	+9.0

- 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	(0.4)	18.1	(18.5)
Gross profit	95.0	103.4	(8.4)
Profit (loss) of equity method investments	4.6	16.5	(11.9)
Dividend income	5.4	3.9	+1.5
Selling, general and administrative expenses	(97.1)	(107.0)	+9.9
Others	(8.3)	1.3	(9.6)

- Gross profit decreased mainly due to the following factors:
  - For the current period, subsidiaries, whose businesses are fashion, food and distribution, recorded 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 the fashion & textile businesses in Asia to an equity method investee caused a ¥4.4 billion decrease.
  - For the previous period, a ¥4.1 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 decreased mainly due to the following factor:
  - For the current period, reclassification from a consolidated subsidiary for the fashion & textile businesses in Asia to an equity method investee caused a ¥4.4 billion decrease.
- Profit (loss) of equity method investment decreased mainly due to the following factors:
  - For the current period, equity method investees, 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 ¥4.6 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 factors 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.
  - For the previous period, an impairment loss of fixed assets of ¥5.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation, which conducts healthcare staffing in the U.S.
  - For the previous period, Mitsui & Co. Foresight recorded a gain on the sales of the property management business.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	37.4	6.0	+31.4
Gross profit	76.2	42.3	+33.9
Profit (loss) of equity method investments	8.9	11.1	(2.2)
Dividend income	3.7	2.9	+0.8
Selling, general and administrative expenses	(47.3)	(47.4)	+0.1
Others	(4.1)	(2.9)	(1.2)

・Gross profit increased mainly due to the following factors:
- 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 OSIsoft LLC.
- For the previous period, ¥3.1 billion loss was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current period, ¥5.6 billion gain was recorded due to the valuation of fair value on shares.
- For the current period, an increase of ¥4.9 billion was recorded mainly due to good results of energy trading in Mitsui Bussan Commodities Ltd.
- An increase of ¥2.6 billion was caused as combined effect of recognizing the loss on the valuation and sales of the shares in Mercari, Inc. recognized for the previous period, as well as profit on the sales of it's entire shareholding for the current period.

・In addition to the above, the following factors also affected results:
- For the current period, ¥4.3 billion reversal gain of impairment loss on land was recorded.
- For the previous period, a valuation profit on the derivative of ¥4.4 billion was recorded in relation to a put option on an investment.

(3) **<u>Financial Condition and Cash Flows</u>**

1) Financial Condition

(Billions of yen)	December 31, 2020	March 31, 2020	Change
Total Assets	11,841.7	11,806.3	+35.4
Current Assets	4,012.0	4,124.4	(112.4)
Non-current Assets	7,829.7	7,681.9	+147.8
Current Liabilities	2,496.4	2,701.1	(204.7)
Non-current Liabilities	4,964.4	5,044.3	(79.9)
Net Interest-bearing Debt	*3,425.1*	*3,486.7*	*(61.6)*
Total Equity Attributable to Owners of the Parent	4,135.9	3,817.7	+318.2
Net Debt-to-Equity Ratio (times)	0.83	0.91	(0.08)

(*) "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

<u>Assets</u>

Current Assets:

- Cash and cash equivalents decreased by ¥80.2 billion.
- Trade and other receivables increased by ¥100.9 billion, mainly due to following factors:
  - An increase of ¥49.8 billion in current portion of long-term receivables relating to investment and loan businesses, mainly due to reclassification to current maturities; and
  - An increase in trade receivable by ¥ 44.6 billion due to favorable market condition for the Mineral & Metal Resources Segment and increase in trading volume in the Lifestyle Segment.
- Other financial assets declined by ¥132.8 billion, mainly due to market volatility and decreases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.
- Inventories increased by ¥48.3 billion, mainly due to increases in trading volume in the Mineral & Metal Resources Segment and the Innovation & Corporate Development Segment.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥46.8 billion, mainly due to the following factors:
  - A decline in equity method investment in Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion;
  - A decline of ¥22.7 billion resulting from foreign currency exchange fluctuations;
  - A decline due to a fair value valuation of shares in the Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An increase of ¥155.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥155.8 billion due to dividends from equity accounted investees;
  - An increase of ¥26.0 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 ¥323.4 billion, mainly due to the following factor:
  - As a result of higher share prices, fair value on financial assets measured at FVTOCI increased by ¥321.3 billion.
- Trade and other receivables declined by ¥129.4 billion, mainly due to the following factors:
  - An impairment of ¥66.9 billion for doubtful debt regarding the Moatize mine business and Nacala Corridor rail & port infrastructure businesses in Mozambique;
  - A decline of ¥49.8 billion in non-current portion of long-term receivables relating to investment and loan business, mainly due to reclassification to current maturities; and
  - An increase in receivable balance from Mitsui & Co. Cameron LNG Investment LLC as result of conversion of equity method investment into shareholder loans by ¥25.9 billion.
- Property, plant and equipment increased by ¥7.8 billion, mainly due to the following factors:
  - An increase of ¥69.1 billion (including foreign exchange translation profit of ¥53.4 billion) at iron ore mining operations in Australia;
  - An increase of ¥25.7 billion (including foreign exchange translation profit of ¥11.2 billion) at coal mining operations in Australia; and
  - A decline of ¥89.6 billion mainly due to an impairment loss of fixed assets at Mitsui E&P Italia A (including foreign exchange translation loss of ¥13.6 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 ¥16.9 billion, mainly due to an increase in the Innovation & Corporate Development Segment.
- Deferred tax assets increased by ¥30.3 billion, mainly due to recognition of deferred tax assets by ¥39.0 billion in accordance with transferring and reorganizing the U.S. energy subsidiaries to MBK Energy Holdings USA Inc.

Liabilities

Current Liabilities:

- Short-term debt declined by ¥22.8 billion. Furthermore, the current portion of long-term debt increased by ¥14.0 billion, mainly due to a reclassification to current maturities.
- Trade and other payables increased by ¥55.5 billion, corresponding to the increase in trade and other receivables.
- Other financial liabilities declined by ¥267.2 billion, mainly due to corresponding decline in other financial assets and payments on account payable at the integrated development project in the 2, Otemachi 1-Chome District.

Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥129.2 billion.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥13.4 billion.
- Other components of equity increased by ¥302.3 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥249.1 billion; and
  - Foreign currency translation adjustments increased by ¥78.0 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 ¥1.0 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	502.5	386.9	+115.6
Cash flows from investing activities	(308.5)	(206.4)	(102.1)
Free cash flow	194.0	180.5	+13.5
Cash flows from financing activities	(282.3)	(189.8)	(92.5)
Effect of exchange rate changes on cash and cash equivalents etc.	8.1	(0.6)	+8.7
Change in cash and cash equivalents	(80.2)	(9.9)	(70.3)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	502.5	386.9	+115.6
Cash flows from change in working capital	b	(35.6)	(129.9)	+94.3
Repayments of lease liabilities	c	(44.7)	(44.6)	(0.1)
Core operating cash flow	a-b+c	493.4	472.2	+21.2

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥35.6 billion of net cash outflow. Repayments of lease liabilities for the current period was ¥44.7 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 ¥493.4 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 ¥231.5 billion, an increase of ¥17.0 billion from ¥214.5 billion for the previous period.
    - Depreciation and amortization for the current period was ¥200.2 billion, an increase of ¥14.8 billion from ¥185.4 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	2.1	1.2	+0.9
Mineral & Metal Resources	205.2	170.2	+35.0
Energy	102.7	184.1	(81.4)
Machinery & Infrastructure	64.5	59.9	+4.6
Chemicals	48.5	27.3	+21.2
Lifestyle	11.3	10.7	+0.6
Innovation & Corporate Development	40.1	(0.9)	+41.0
All Other and Adjustments and Eliminations	19.0	19.7	(0.7)
Consolidated Total	493.4	472.2	+21.2

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 ¥49.8 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 ¥26.0 billion;
  - An investment in Japan Arctic LNG B.V, which participates in the Arctic LNG 2 Project in Russia; and
  - A sale of the IPP business in North America.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥2.0 billion, mainly due to a sale of investment in San-ei Sucrochemical Co., Ltd., for ¥13.5 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥172.2 billion, mainly due to the following factors:
  - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥36.8 billion;
  - An expenditure for iron ore mining operations in Australia for ¥30.4 billion;
  - An expenditure for the oil and gas projects for ¥29.7 billion; and
  - An expenditure for coal mining operations in Australia for ¥15.7 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥49.3 billion, mainly due to an expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥37.3 billion.

Cash Flows from Financing Activities

- Net cash outflows from net change in short-term debt were ¥32.9 billion, net cash outflows from net change in long-term debt were ¥10.8 billion, and cash outflow from repayments of lease liabilities were ¥44.7 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 ¥135.5 billion.

(4) **Management Issues**

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

<Assumption>	3Q (Actual)	4Q (Forecast)	Mar-21 Revised Forecast	Mar-21 Previous Forecast
Exchange rate (JPY/USD)	105.54	104.00	105.16	106.16
Crude oil (JCC)	$38/bbl	$48/bbl	$41/bbl	$39/bbl
Consolidated oil price	$46/bbl	$45/bbl	$45/bbl	$44/bbl

(Billions of yen)

	March 31, 2021 Revised forecast	March 31, 2021 Previous forecast	Change	Description
Gross profit	750.0	690.0	+60.0	Strong iron ore price, good performance on trading business
Selling, general and administrative expenses	(600.0)	(620.0)	+20.0	Lower expenses
Gain on investments, fixed assets and other	(35.0)	0.0	(35.0)	Impairment losses
Interest expenses	(30.0)	(30.0)	-	
Dividend income	90.0	70.0	+20.0	Dividends in iron ore business
Profit (loss) of equity method investments	200.0	170.0	+30.0	Strong iron ore price, improvement of business environment
Profit before income taxes	375.0	280.0	+95.0	
Income taxes	(95.0)	(85.0)	(10.0)	
Non-controlling Interests	(10.0)	(15.0)	+5.0	
Profit for the year attributable to owners of the parent	270.0	180.0	+90.0	

Depreciation and amortization	300.0	300.0	-	

Core operating cash flow	600.0	480.0	+120.0	

- Previous forecast announced in October, 2020 stated the profit for the year attributable to owners of the parent remained unaltered at ¥180.0 billion. Although factors such as a resurgence of COVID-19 infections in many countries remains as a concern, considering the strong market condition for several commodities and the latest business environment, the figure has been revised up to ¥270.0 billion. The core operating cash flow has also been revised up by ¥120.0 billion from ¥480.0 billion to ¥600.0 billion.
- It is assumed that foreign exchange rates for the three-month period ending March 31, 2021 (4th Quarter) will be ¥104.00/US$, ¥76.00/AU$ and ¥19.00/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2020 were ¥105.54/US$, ¥74.75/AU$ and ¥19.55/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$45/barrel, up US$1 from the original assumption, based on the assumption that the crude oil price (JCC) will average US$48/barrel throughout the three-month period ending March 31, 2021(4th Quarter).

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 Previous Forecast	Change	Description
Iron & Steel Products	0.0	(5.0)	+ 5.0	Recovery on the steel market condition
Mineral & Metal Resources	155.0	120.0	+ 35.0	Strong iron ore price, dividends
Energy	20.0	0.0	+ 20.0	Firm crude oil and gas prices, less hurricane impact
Machinery & Infrastructure	35.0	35.0	-	
Chemicals	40.0	25.0	+ 15.0	Steady market conditions, trading
Lifestyle	0.0	(10.0)	+ 10.0	Steady trading, recovery in hospital business earnings
Innovation & Corporate Development	40.0	35.0	+ 5.0	FVTPL gains, commodities trading strong
All Other and Adjustments and Eliminations	(20.0)	(20.0)	-	
Consolidated Total	270.0	180.0	+ 90.0	

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 Previous Forecast	Change	Description
Iron & Steel Products	0.0	0.0	-	
Mineral & Metal Resources	285.0	230.0	+ 55.0	Strong iron ore price, dividends
Energy	110.0	100.0	+10.0	Firm crude oil and gas prices, less hurricane impact
Machinery & Infrastructure	65.0	60.0	+ 5.0	Recovery on automotive related business
Chemicals	65.0	45.0	+ 20.0	Trading strong
Lifestyle	15.0	5.0	+ 10.0	Trading strong
Innovation & Corporate Development	45.0	35.0	+10.0	FVTPL gains, commodities trading strong
All Other and Adjustments and Eliminations	15.0	5.0	+ 10.0	Lower expenses
Consolidated Total	600.0	480.0	+ 120.0	

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

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

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2021 (Announced in May 2020)				Previous Forecast (Announced in Oct 2020)	March 2021		Revised Forecast (Announced in Feb 2021)
					1-3Q (Result)	4Q (Assumption)	
Commodity	Crude Oil/JCC		−	39	38	48	41
	Consolidated Oil Price(*1)		¥3.2 bn (US$1/bbl)	44	46	45	45
	U.S. Natural Gas(*2)		¥0.9 bn (US$0.1/mmBtu)	2.06	1.92(*3)	2.76(*4)	2.13
	Iron Ore(*5)		¥2.2 bn (US$1/ton)	(*6)	115(*7)	(*6)	(*6)
	Coal	Coking	¥0.4 bn (US$1/ton)	(*6)	121(*8)	(*6)	(*6)
		Thermal	¥0.1 bn (US$1/ton)	(*6)	69(*8)	(*6)	(*6)
	Copper(*9)		¥0.7 bn (US$100/ton)	5,965	5,834(*10)	7,174(*10)	6,169
Forex (*11)	USD		¥1.3 bn (¥1/USD)	106.16	105.54	104.00	105.16
	AUD		¥1.6 bn (¥1/AUD)	74.95	74.75	76.00	75.06
	BRL		¥0.3 bn (¥1/BRL)	19.37	19.55	19.00	19.41

(*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) U.S. Gas figures for FY Mar/2021 1-3Q (result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January 2020 to September 2020.

(*4) The Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during October 2020 to December 2020 is listed on FY Mar/2021 4Q(Assumption).

(*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 1-3Q (result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2020 to December 2020.

(*8) Coal results figures for FY Mar/2021 1-3Q (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 1-3Q (result) are the averages of the LME monthly average cash settlement prices for the period January 2020 to September 2020. Also, the figures for FY Mar/2021 4Q (Assumption) are the average of the LME monthly average cash settlement prices for the period October 2020 to December 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 Mineral & Metal Resources and Energy business where the sales contract is in US$, the impact of currency fluctuations between the US$ and the functional currencies (Australian dollar and Brazilian Real) and the impact of currency hedging are not included.

3) Profit Distribution Policy

Our profit distribution policy is as follows:

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

For the 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 the core operating cash flow and profit for the year attributable to owners of the parent as well as the stability and continuity of the amount of dividend.

(5) <u>Significant Accounting Policies and estimates</u>

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

(6) <u>Research & Development</u>

There are no contracts for which disclosure is required.

3. Material Contracts

There are no contracts for which disclosure is required.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
December 31, 2020 and March 31, 2019

	Millions of Yen			
	December 31, 2020		March 31, 2020	
ASSETS				
Current Assets:				
Cash and cash equivalents	¥	978,528	¥	1,058,733
Trade and other receivables		1,723,355		1,622,501
Other financial assets (Note 13)		430,102		562,899
Inventories (Note 13)		602,151		553,861
Advance payments to suppliers		135,395		167,250
Other current assets		142,440		159,175
Total current assets		4,011,971		4,124,419
Non-current Assets:				
Investments accounted for using the equity method (Note 7)		2,834,194		2,880,958
Other investments (Note 13)		1,807,761		1,484,422
Trade and other receivables (Note 13)		292,950		422,423
Other financial assets (Note 13)		144,823		186,010
Property, plant and equipment (Notes 6 and 7)		2,129,153		2,121,371
Investment property (Note 6)		268,695		251,838
Intangible assets		186,251		195,289
Deferred tax assets (Note 16)		89,223		58,908
Other non-current assets		76,656		80,654
Total non-current assets		7,829,706		7,681,873
Total assets	¥	11,841,677	¥	11,806,292

Condensed Consolidated Statements of Financial Position—(Continued)
Mitsui & Co., Ltd. and subsidiaries
December 31, 2019 and March 31, 2019

	Millions of Yen	
	December 31, 2020	March 31, 2020
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 274,707	¥ 297,458
Current portion of long-term debt (Note 8)	413,869	399,904
Trade and other payables	1,192,027	1,136,504
Other financial liabilities (Notes 12 and 13)	359,754	626,963
Income tax payables	63,028	46,206
Advances from customers	110,623	133,247
Provisions	29,957	25,844
Other current liabilities	52,454	34,984
Total current liabilities	2,496,419	2,701,110
Non-current Liabilities:		
Long-term debt, less current portion (Notes 8 and 13)	4,099,988	4,229,218
Other financial liabilities (Notes 12 and 13)	94,887	105,279
Retirement benefit liabilities	41,082	39,956
Provisions	219,521	228,173
Deferred tax liabilities	484,019	412,971
Other non-current liabilities	24,944	28,653
Total non-current liabilities	4,964,441	5,044,250
Total liabilities	7,460,860	7,745,360
Equity:		
Common stock	342,080	341,776
Capital surplus	403,915	402,652
Retained earnings	3,375,668	3,362,297
Other components of equity (Note 9)	78,377	(223,910)
Treasury stock	(64,144)	(65,138)
Total equity attributable to owners of the parent	4,135,896	3,817,677
Non-controlling interests	244,921	243,255
Total equity	4,380,817	4,060,932
Total liabilities and equity	¥ 11,841,677	¥ 11,806,292

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2020 and 2019

	Millions of Yen	
	Nine-month Period Ended December 31, 2020	Nine-month Period Ended December 31, 2019
Revenue (Notes 4, 5 and 13)	¥ 4,699,072	¥ 5,193,989
Cost	(4,130,872)	(4,553,566)
Gross Profit (Note 4)	568,200	640,423
Other Income (Expenses):		
Selling, general and administrative expenses(Note 7)	(451,819)	(437,896)
Gain (loss) on securities and other investments-net(Notes 7 and 13)	7,024	2,575
Impairment reversal (loss) of fixed assets-net(Note 7)	(40,133)	(11,603)
Gain (loss) on disposal or sales of fixed assets-net	1,228	7,186
Other income (expense)-net (Notes 7 and 13)	(4,312)	26,180
Total other income (expenses)	(488,012)	(413,558)
Finance Income (Costs):		
Interest income	16,554	32,501
Dividend income	61,865	82,118
Interest expense	(40,996)	(69,385)
Total finance income (costs)	37,423	45,234
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 4, 7 and 14)	155,002	199,213
Profit before Income Taxes	272,613	471,312
Income Taxes (Note 16)	(63,057)	(112,969)
Profit for the Period	¥ 209,556	¥ 358,343
Profit for the Period Attributable to:		
Owners of the parent (Note 4)	¥ 198,937	¥ 335,076
Non-controlling interests	10,619	23,267
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 118.01	¥ 192.95
Diluted	¥ 117.95	¥ 192.82

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

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2020 and 2019

	Millions of Yen	
	Nine-month period ended December, 2020	**Nine-month period ended December, 2019**
Comprehensive Income:		
Profit for the period	¥ 209,556	¥ 358,343
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	325,873	(14,471)
Remeasurements of defined benefit pension plans	(1,953)	(403)
Share of other comprehensive income of investments accounted for using the equity method	(11,256)	4,576
Income tax relating to items not reclassified	(67,477)	5,401
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	124,798	(32,238)
Cash flow hedges	8,208	(3,590)
Share of other comprehensive income of investments accounted for using the equity method	(63,846)	(84,346)
Income tax relating to items that may be reclassified	(8,724)	5,956
Total other comprehensive income	305,623	(119,115)
Comprehensive Income for the Period	¥ 515,179	¥ 239,228
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 497,987	¥ 223,415
Non-controlling interests	17,192	15,813

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended December 31, 2020 and 2019

	Millions of Yen			
		Three-month Period Ended December 31, 2020		Three-month Period Ended December 31, 2019
Revenue (Notes 4, 5, and 13)	¥	1,655,468	¥	1,782,753
Cost		(1,455,104)		(1,570,519)
Gross Profit (Note 4)		200,364		212,234
Other Income (Expenses):				
Selling, general and administrative expenses (Note 7)		(165,050)		(156,120)
Gain (loss) on securities and other investments-net(Notes 7 and 13)		(1,943)		(3,080)
Impairment reversal (loss) of fixed assets-net(Note 7)		(34,863)		(9,007)
Gain (loss) on disposal or sales of fixed assets-net		1,404		2,371
Other income (expense)-net (Notes 7 and 13)		(3,346)		16,060
Total other income (expenses)		(203,798)		(149,776)
Finance Income (Costs):				
Interest income		4,218		9,458
Dividend income		26,738		39,859
Interest expense		(12,618)		(22,503)
Total finance income (costs)		18,338		26,814
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 4, and 7)		73,016		63,114
Profit before Income Taxes		87,920		152,386
Income Taxes (Note 16)		4,373		(44,902)
Profit for the Period	¥	92,293	¥	107,484
Profit for the Period Attributable to:				
Owners of the parent (Note 4)	¥	88,913	¥	100,923
Non-controlling interests		3,380		6,561
	Yen			
Earnings per Share Attributable to Owners of the Parent (Note 11):				
Basic	¥	52.94	¥	58.20
Diluted	¥	52.92	¥	58.16

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

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended December 31, 2020 and 2019

	Millions of Yen	
	Three-month Period Ended December 31, 2020	**Three-month Period Ended December 31, 2019**
Comprehensive Income:		
Profit for the period	¥ 92,293	¥ 107,484
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	188,667	43,666
Remeasurements of defined benefit pension plans	(536)	(233)
Share of other comprehensive income of investments accounted for using the equity method	(1,795)	5,329
Income tax relating to items not reclassified	(43,568)	(9,577)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	40,399	30,503
Cash flow hedges	1,530	(166)
Share of other comprehensive income of investments accounted for using the equity method	2,381	49,829
Income tax relating to items that may be reclassified	(6,854)	362
Total other comprehensive income	180,224	119,712
Comprehensive Income for the Period	¥ 272,517	¥ 227,196
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 268,592	¥ 216,483
Non-controlling interests	3,925	10,713

Condensed Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and subsidiaries

For the Nine-Month Periods Ended December 31, 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**
Balance as at April 1, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies …………………			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the period ..………………………			335,076			335,076	23,267	358,343
Other comprehensive income for the period				(111,661)		(111,661)	(7,454)	(119,115)
Comprehensive income for the period ….…..			335,076	(111,661)		223,415	15,813	239,228
Transaction with owners:								
Dividends paid to owners of the parent ……			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders ………………………………							(9,532)	(9,532)
Acquisition of treasury stock ………………					(21,477)	(21,477)		(21,477)
Sales of treasury stock …………………..…		(133)	(287)		421	1		1
Compensation costs related to share-based payment (Note 2) ………………………..…	294	317				611		611
Equity transactions with non-controlling interest shareholders …………………..…		16,292		653		16,945	(25)	16,920
Transfer to retained earnings ……………			36,048	(36,048)		-		-
Balance as at December 31, 2019	¥ 341,776	¥ 403,811	¥ 3,305,115	¥ 316,214	¥ (28,632)	¥ 4,338,284	¥ 273,398	¥ 4,611,682

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**
Balance as at April 1, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the period ……………………….			198,937			198,937	10,619	209,556
Other comprehensive income for the period				299,050		299,050	6,573	305,623
Comprehensive income for the period ……....			198,937	299,050		497,987	17,192	515,179
Transaction with owners:								
Dividends paid to owners of the parent …..			(135,476)			(135,476)		(135,476)
Dividends paid to non-controlling interest shareholders …………………………….…							(10,788)	(10,788)
Acquisition of treasury stock ……………..					(45,974)	(45,974)		(45,974)
Sales of treasury stock ………………….....		(112)	(134)		246	0		0
Cancellation of treasury stock………….….			(46,722)		46,722	-		-
Compensation costs related to share-based payment (Note 2) ………………………....	304	1,412				1,716		1,716
Equity transactions with non-controlling interest shareholders ………………………		(37)		3		(34)	(4,738)	(4,772)
Transfer to retained earnings ……………			(3,234)	3,234		-		-
Balance as at December 31, 2020	¥ 342,080	¥ 403,915	¥ 3,375,668	¥ 78,377	¥ (64,144)	¥ 4,135,896	¥ 244,921	¥ 4,380,817

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2020 and 2019

	Millions of Yen	
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Operating Activities:		
Profit for the period	¥ 209,556	¥ 358,343
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	200,230	185,394
Change in retirement benefit liabilities	1,146	(1,149)
Loss allowance	67,533	22,029
(Gain) loss on securities and other investments—net	(7,024)	(2,575)
(Gain) Loss on loans measured at FVTPL(Note 7)	21,657	-
Impairment (reversal) loss of fixed assets—net	40,133	11,603
(Gain) loss on disposal or sales of fixed assets—net	(1,228)	(7,186)
Interest income, dividend income and interest expense	(57,380)	(65,940)
Income taxes	63,057	112,969
Share of (profit) loss of investments accounted for using the equity method	(155,002)	(199,213)
Valuation (gain) loss related to contingent considerations and others	(3,195)	(3,807)
Changes in operating assets and liabilities:		
Change in trade and other receivables	12,273	(25,483)
Change in inventories	(44,389)	(83,192)
Change in trade and other payables	48,111	(48,197)
Other—net	(51,660)	26,899
Interest received	41,727	56,672
Interest paid	(46,881)	(73,480)
Dividends received	231,486	214,475
Income taxes paid	(100,580)	(115,645)
Income taxes refunded	32,880	24,354
Cash flows from operating activities	502,450	386,871
Investing Activities:		
Change in time deposits	(40,717)	2,436
Investments in equity accounted investees	(70,288)	(75,737)
Proceeds from sales of investments in equity accounted investees	20,454	7,817
Purchases of other investments	(37,902)	(28,609)
Proceeds from sales and maturities of other investments	35,876	85,303
Increases in loan receivables	(20,210)	(29,131)
Collections of loan receivables	25,722	26,680
Purchases of property, plant and equipment	(176,831)	(211,885)
Proceeds from sales of property, plant and equipment	4,632	21,062
Purchases of investment property	(57,415)	(10,782)
Proceeds from sales of investment property	8,138	6,472
Cash flows from investing activities	(308,541)	(206,374)
Financing Activities:		
Change in short-term debt	(32,895)	19,944
Proceeds from long-term debt	682,956	698,011
Repayments of long-term debt	(693,732)	(700,375)
Repayments of lease liabilities (Notes 2 and 4)	(44,718)	(44,639)
Purchases and sales of treasury stock	(45,974)	(21,476)
Dividends paid	(135,476)	(139,071)
Transactions with non-controlling interests shareholders	(12,453)	(2,183)
Cash flows from financing activities	(282,292)	(189,789)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	8,178	(611)
Change in Cash and Cash Equivalents	(80,205)	(9,903)
Cash and Cash Equivalents at Beginning of Period	1,058,733	956,107
Cash and Cash Equivalents at End of Period	¥ 978,528	¥ 946,204

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

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

1. REPORTING ENTITY

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

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"
- Note 13 "FAIR VALUE MEASUREMENT"
- Note 16 "RECOGNITION OF DEFERRED TAX ASSETS IN THE U.S. ENERGY SUBSIDIARIES"

No significant changes have been made to the estimation of the impact relating to the spread of COVID-19 for the nine-month period ended December 31, 2020.

Ⅲ. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 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 nine-month period ended December 31, 2019 is separately presented from the three-month period ended June 30, 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 nine-month period ended December 31, 2019 is reclassified to conform to this change in presentation.
As a result, the amount of ¥(745,014) million for the nine-month period ended Decemnber 31, 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 nine-month period ended December 31,2019 has been reclassified and presented as ¥(700,375) million for “Repayments of long-term debt” and as ¥(44,639) 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 nine-month period ended December 31, 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 ¥ 317 million for “Compensation costs related to share-based payment”.

3. BUSINESS COMBINATIONS

For the nine-month period ended December 31, 2020

No material business combinations were completed during the nine-month period ended December 31, 2020.

For the nine-month period ended December 31, 2019

No material business combinations were completed during the nine-month period ended December 31, 2019.

4. SEGMENT INFORMATION

Nine-month period ended December 31, 2020	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 161,291	¥ 938,307	¥ 549,463	¥ 518,679	¥ 951,836	¥ 1,414,066	¥ 163,507	¥ 4,697,149
Gross Profit	¥ 14,779	¥ 167,530	¥ 44,658	¥ 75,843	¥ 92,151	¥ 94,968	¥ 76,231	¥ 566,160
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ (253)	¥ 45,278	¥ 15,587	¥ 73,301	¥ 7,274	¥ 4,649	¥ 8,911	¥ 154,747
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (2,757)	¥ 76,937	¥ 26,734	¥ 35,210	¥ 32,379	¥ (441)	¥ 37,435	¥ 205,497
Core Operating Cash Flow	¥ 2,135	¥ 205,180	¥ 102,654	¥ 64,534	¥ 48,515	¥ 11,262	¥ 40,077	¥ 474,357
Total Assets at December 31, 2020	¥ 539,172	¥ 2,324,470	¥ 2,357,286	¥ 2,185,514	¥ 1,263,843	¥ 1,999,063	¥ 1,164,664	¥ 11,834,012

Nine-month period ended December 31, 2020:	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 1,923	¥ -	¥ 4,699,072
Gross Profit	¥ 1,590	¥ 450	¥ 568,200
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 269	¥ (14)	¥ 155,002
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (13,357)	¥ 6,797	¥ 198,937
Core Operating Cash Flow	¥ (10,055)	¥ 29,095	¥ 493,397
Total Assets at December 31, 2020	¥ 7,163,253	¥ (7,155,588)	¥ 11,841,677

Nine-month period ended December 31, 2019 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 184,168	¥ 824,195	¥ 620,200	¥ 680,325	¥ 1,198,018	¥ 1,554,980	¥ 131,253	¥ 5,193,139
Gross Profit	¥ 18,255	¥ 176,462	¥ 109,720	¥ 100,285	¥ 89,653	¥ 103,447	¥ 42,330	¥ 640,152
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 9,188	¥ 43,510	¥ 32,773	¥ 76,158	¥ 10,048	¥ 16,516	¥ 11,087	¥ 199,280
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 3,519	¥ 135,897	¥ 96,132	¥ 61,230	¥ 16,605	¥ 18,091	¥ 6,005	¥ 337,479
Core Operating Cash Flow	¥ 1,171	¥ 170,151	¥ 184,141	¥ 59,915	¥ 27,252	¥ 10,729	¥ (879)	¥ 452,480
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

Nine-month period ended December 31, 2019 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 2,250	¥ (1,400)	¥ 5,193,989
Gross Profit	¥ 709	¥ (438)	¥ 640,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 182	¥ (249)	¥ 199,213
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (2,208)	¥ (195)	¥ 335,076
Core Operating Cash Flow	¥ 3,698	¥ 16,027	¥ 472,205
Total Assets at March 31, 2020	¥ 7,142,647	¥ (7,048,084)	¥ 11,806,292

Three-month period ended December 31, 2020:	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 55,259	¥ 341,175	¥ 194,676	¥ 146,490	¥ 354,423	¥ 515,826	¥ 49,596	¥ 1,657,445
Gross Profit	¥ 5,203	¥ 66,929	¥ 11,401	¥ 27,549	¥ 33,646	¥ 36,247	¥ 18,683	¥ 199,658
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,248	¥ 15,041	¥ 4,563	¥ 31,488	¥ 4,720	¥ 7,761	¥ 4,946	¥ 72,767
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 3,040	¥ 5,676	¥ 30,415	¥ 11,824	¥ 21,648	¥ 11,505	¥ 13,477	¥ 97,585
Core Operating Cash Flow	¥ 2,619	¥ 107,953	¥ 42,408	¥ 38,195	¥ 25,858	¥ 9,951	¥ 9,197	¥ 236,181

Three-month period ended December 31, 2020:	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ (1,977)	¥ -	¥ 1,655,468
Gross Profit	¥ 706	¥ -	¥ 200,364
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 233	¥ 16	¥ 73,016
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (479)	¥ (8,193)	¥ 88,913
Core Operating Cash Flow	¥ 1,809	¥ (18,682)	¥ 219,308

Three-month period ended December 31, 2019 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 66,301	¥ 274,541	¥ 173,745	¥ 255,640	¥ 423,202	¥ 541,781	¥ 48,020	¥ 1,783,230
Gross Profit	¥ 5,654	¥ 51,711	¥ 34,533	¥ 36,440	¥ 28,628	¥ 36,287	¥ 18,962	¥ 212,215
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,693	¥ 10,804	¥ 6,954	¥ 29,143	¥ 3,277	¥ 6,218	¥ 3,965	¥ 63,054
Profit for the Period Attributable to Owners of the parent	¥ 777	¥ 34,013	¥ 31,511	¥ 24,267	¥ 11,860	¥ 1,150	¥ 4,360	¥ 107,938
Core Operating Cash Flow	¥ 1,583	¥ 50,339	¥ 67,692	¥ 22,159	¥ 13,962	¥ 8,434	¥ 4,813	¥ 168,982

Three-month period ended December 31, 2019 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 923	¥ (1,400)	¥ 1,782,753
Gross Profit	¥ 456	¥ (437)	¥ 212,234
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 85	¥ (25)	¥ 63,114
Profit for the Period Attributable to Owners of the parent	¥ 1,095	¥ (8,110)	¥ 100,923
Core Operating Cash Flow	¥ 1,893	¥ (15,663)	¥ 155,212

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

Nine-month period ended December 31, 2020:	Millions of Yen								
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Other	Total
Revenue recognized from contracts with customers	¥ 153,735	¥ 753,065	¥ 362,934	¥ 472,406	¥ 934,054	¥ 1,092,704	¥ 111,805	¥ 1,369	¥ 3,882,072

Nine-month period ended December 31, 2019:	Millions of Yen									
	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	All Other	Adjustments and Eliminations	Total
Revenue recognized from contracts with customers	¥ 178,737	¥ 664,381	¥ 389,933	¥ 611,431	¥ 1,180,017	¥ 1,199,165	¥ 101,759	¥ 2,460	¥ (1,398)	¥ 4,326,485

6. ACQUISITONS 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 nine-month period ended December 31, 2020 was ¥171,236 million and the amount of disposals was not material.

The amounts of acquisitions and disposals of property, plant and equipment for the nine-month period ended December 31, 2019 were ¥277,855 million and ¥22,569 million, respectively.

Investment property

The amount of acquisitions of investment property for the nine-month period ended December 31, 2020 was ¥29,299 million and the amount of disposals was not material.

The amounts of acquisitions and disposals of investment property for the nine-month period ended December 31, 2019 were not material.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the nine-month period ended December 31, 2020, Mitsui & Co. Mozambique Coal Finance Limited, Mitsui & Co. Nacala Infrastructure Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lends to Mozambique coal business, or lend to and invest in Mozambique rail & port infrastructure business, recognized full impairment to the carrying amount for both investment and loans of ¥73,599 million as a loss allowance for doubtful debt, a loss on loans measured at FVTPL, an impairment loss included in share of profit (loss) of investments accounted for using the equity method and an impairment loss for investments accounted for using the equity method, due to the decrease of our production assumptions based on the revision of the production plan and the decline in the coal prices which are based on several third parties' mid-long term forecasts. In the Condensed Consolidated Statements of Income, a loss allowance is recorded by ¥44,823 million (Mineral & Metal Resources ¥35,858 million, Machinery & Infrastructure ¥8,965 million) in "Selling, general and administrative expenses", a loss on loans measured at FVTPL is recorded by ¥21,657 million (Mineral & Metal Resources ¥17,326 million, Machinery & Infrastructure ¥4,331 million) in "Other income (expense) －net", an impairment loss included in share of profit (loss) of investments accounted for using the equity method is recorded by ¥4,727 million (Mineral & Metal Resources ¥3,782 million, Machinery & Infrastructure ¥945 million) in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method"and an impairment loss for investments accounted for using the equity method is recorded by ¥2,392 million (Mineral & Metal Resources ¥1,914 million, Machinery & Infrastructure ¥478 million) in "Gain (loss) on securities and other investments－net", respectively.

For the nine-month period ended December 31, 2020, Mitsui & Co., Ltd. and its subsidiary, Mitsui Bussan Copper Investment & Co., Ltd., which invest and lend to Caserones copper mine business, recognized a loss of ¥9,196 million in Mineral & Metal Resources segment, with the conclusion of the basic agreement to sell the entire interest as a part of reorganization and reconstructing of asset portfolio. In the Condensed Consolidated Statements of Income, a loss allowance for the related lending and others is recorded by ¥8,308 million in "Selling, general and administrative expenses" and an impairment loss for the related investments accounted for using the equity method is recorded by ¥888 million in "Gain (loss) on securities and other investments - net", respectively.

For the nine-month period ended December 31, 2020, Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of ¥32,051 million in "Impairment reversal (loss) of fixed assets - net" in the Condensed Consolidated Statements of Income, of which impairment loss of property, plant and equipment is ¥24,869 million and impairment loss of goodwill is ¥7,182 million, by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥146,845 million. The impairment loss was mainly related to a decline in the crude oil price. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

For the nine-month period ended December 31, 2020, Mitsui Rail Capital Europe B.V., a subsidiary in the Machinery & Infrastructure Segment engaged in the locomotive leasing business in Europe, recognized an impairment loss of ¥9,065 million in "Impairment reversal (loss) of fixed assets - net" in the Condensed Consolidated Statements of Income by reducing the carrying amount of the locomotives, goodwill and others to the recoverable amount of ¥79,134 million. Out of the impairment loss, the amount of property, plant and equipment is ¥4,903 million, and the amount of goodwill and others is ¥4,162 million. The impairment loss was mainly related to a lower operating ratio of the locomotives. The recoverable amount of property, plant and equipment represented the value in use and the fair value less costs of disposal, and the recoverable amount of goodwill and others represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit. The fair value less costs of disposal is based on the reasonable price considering the recent sale cases of the asset being valued, and the fair value is classified as level 3.

For the nine-month period ended December 31, 2019, Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lend to Mozambique coal business or invest in Mozambique rail & port infrastructure business, recognized losses of ¥22,083 million as a loss allowance for doubtful debt and an impairment loss for investments accounted for using the equity method, as a result of the revisions to our various assumptions of long-term production plan due to a decrease in the amount of proven reserves regarding the Moatize mine business. In the Condensed Consolidated Statements of Income, a loss allowance is recorded by ¥12,224 million (Mineral & Metal Resources ¥9,779 million, Machinery & Infrastructure ¥2,445 million) in “Selling, general and administrative expenses”, an impairment loss for investments accounted for using the equity method is recorded by ¥6,322 million (Mineral & Metal Resources ¥5,058 million, Machinery & Infrastructure ¥1,264 million) and ¥3,537 million (Mineral & Metal Resources ¥2,830 million, Machinery & Infrastructure ¥707 million) in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” and “Gain (loss) on securities and other investments－net”, respectively.

The amounts of reversals of impairment losses for assets for the nine-month period ended December 31, 2020 and 2019 were not material.

8. ISSUES AND REPAYMENTS OF BONDS

The total amount of repaid bonds for the nine-month period ended December 31, 2020 was none.
The total amount of issued bonds for the nine-month period ended December 31, 2020 was ¥ 28,979 million.

The total amount of repaid bonds for the nine-month period ended December 31, 2019 was ¥ 10,471 million.
The total amount of issued bonds for the nine-month period ended December 31, 2019 was ¥ 81,259 million.

9. EQUITY

Changes in other components of equity for the nine-month period ended December 31, 2020 and 2019 were as follows:

	Millions of Yen			
	Nine-month period ended December 31, 2020		Nine-month period ended December 31, 2019	
Financial Assets Measured at FVTOCI:				
Balance at beginning of period	¥	7,479	¥	356,498
Increase (decrease) during the period		247,771		(4,800)
Transfer to retained earnings		1,327		(36,432)
Balance at end of period	¥	256,577	¥	315,266
Remeasurements of Defined Benefit Pension Plans:				
Balance at beginning of period	¥	-	¥	-
Increase (decrease) during the period		(1,907)		(384)
Transfer to retained earnings		1,907		384
Balance at end of period	¥	-	¥	-
Foreign Currency Translation Adjustments:				
Balance at beginning of period	¥	(177,143)	¥	124,506
Increase (decrease) during the period		78,001		(66,068)
Balance at end of period	¥	(99,142)	¥	58,438
Cash Flow Hedges:				
Balance at beginning of period	¥	(54,246)	¥	(17,734)
Increase (decrease) during the period		(24,812)		(39,756)
Balance at end of period	¥	(79,058)	¥	(57,490)
Total:				
Balance at beginning of period	¥	(223,910)	¥	463,270
Increase (decrease) during the period		299,053		(111,008)
Transfer to retained earnings		3,234		(36,048)
Balance at end of period	¥	78,377	¥	316,214

10. DIVIDENDS

During the nine-month period ended December 31, 2020 and 2019, the Company paid dividends of ¥80 per share (total dividend of ¥135,476 million) and ¥80 per share (total dividend of ¥139,071 million), respectively.

11. EARNINGS PER SHARE

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the nine-month and three-month periods ended December 31, 2020 and 2019:

	Nine-month Period Ended December 31, 2020			Nine-month Period Ended December 31, 2019		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 198,937	1,685,732	¥ 118.01	¥ 335,076	1,736,552	¥ 192.95
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(2)	―		(22)	-	
Stock options ……………………	―	848		-	1,076	
Diluted earnings per share attributable to owners of the parent:	¥ 198,935	1,686,580	¥ 117.95	¥ 335,054	1,737,628	¥ 192.82

	Three-month Period Ended December 31, 2020			Three-month Period Ended December 31, 2019		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 88,913	1,679,350	¥ 52.94	¥ 100,923	1,734,119	¥ 58.20
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(2)	―		(4)	-	
Stock options ……………………	―	805		-	976	
Diluted earnings per share attributable to owners of the parent:	¥ 88,911	1,680,155	¥ 52.92	¥ 100,919	1,735,095	¥ 58.16

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 December31, 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 December 31, 2020.

	Millions of Yen							
	Maximum potential amount of future payments		**Amount outstanding (a)**		**Recourse provisions/ Collateral (b)**		**Net amount outstanding (a)-(b)**	
December 31, 2020								
Type of guarantees:								
Financial guarantees								
Guarantees for third parties …………………	¥	455,487	¥	86,228	¥	1,874	¥	84,354
Guarantees for investments accounted for using the equity method ………………		1,064,832		669,602		128,670		540,932
Performance guarantees								
Guarantees for third parties …………………		64,376		56,990		21,938		35,052
Guarantees for investments accounted for using the equity method ………………		63,646		57,837		1,671		56,166
Total ………………	¥	1,648,341	¥	870,657	¥	154,153	¥	716,504

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2020				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties …………………	¥ 95,085	¥ 56,037	¥ 2,018	¥ 54,019
Guarantees for investments accounted for using the equity method ………………	1,101,608	779,288	93,005	686,283
Performance guarantees				
Guarantees for third parties …………………	38,831	36,333	19,146	17,187
Guarantees for investments accounted for using the equity method ………………	65,591	59,646	1,747	57,899
Total ………………	¥ 1,301,115	¥ 931,304	¥ 115,916	¥ 815,388

Guarantees for third parties

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

	Millions of Yen	
	December 31, 2020	March 31, 2020
Within 1 year ………………………………	¥ 632,611	¥ 523,950
After 1 to 5 years ……………………………	145,670	223,538
After 5 years ………………………………	870,060	553,627
Total ……………………………………	¥ 1,648,341	¥ 1,301,115

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 24.0 billion Indian Rupees (¥34.0 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 the inputs are observable in the relevant markets.

Other Investments

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

Derivative Instruments

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

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of December 31, 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 December 31, 2020 and March 31, 2020 were as follows. No assets or liabilities were transferred between level 1 and 2 for the nine-month period ended December 31, 2020 and 2019.

	Millions of Yen				
December 31, 2020	**Fair value measurements using**				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Other investments:					
Financial assets measured at FVTPL ……	¥ 12,582	-	¥ 124,424		
Financial assets measured at FVTOCI …	978,540	-	649,719		
Total other investments	¥ 991,122	-	¥ 774,143	-	¥ 1,765,265
Derivative assets:					
Foreign exchange contracts ……………	-	¥ 41,728	-		
Interest rate contracts ……………………	-	63,054	-		
Commodity contracts ……………………	¥ 45,873	813,548	¥ 513		
Others ……………………………………	-	-	13,890		
Total derivative assets	¥ 45,873	¥ 918,330	¥ 14,403	¥ (728,142)	¥ 250,464
Inventories…………………………………	-	¥ 149,488	-	-	¥ 149,488
Total assets …………………………………	¥ 1,036,995	¥ 1,067,818	¥ 788,546	¥ (728,142)	¥ 2,165,217
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts ……………	-	¥ 31,396	-		
Interest rate contracts ……………………	-	13,982	-		
Commodity contracts ……………………	¥ 59,931	809,087	¥ 830		
Others ……………………………………	-	-	4,100		
Total derivative liabilities	¥ 59,931	¥ 854,465	¥ 4,930	¥ (733,532)	¥ 185,794
Total liabilities ……………………………	¥ 59,931	¥ 854,465	¥ 4,930	¥ (733,532)	¥ 185,794

March 31, 2020	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
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
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts ……………	-	¥ 37,517	-		
Interest rate contracts ……………………	-	18,910	-		
Commodity contracts ……………………	¥ 38,445	1,430,142	¥ 2,083		
Others ……………………………………	-	-	8,422		
Total derivative liabilities	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471
Total liabilities ……………………………	¥ 38,445	¥ 1,486,569	¥ 10,505	¥ (1,176,048)	¥ 359,471

*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 beginning of period of the loan measured at FVTPL was ¥22,698 million and the balance of period of it was immaterial for the nine-month period ended December 31, 2020. The balance decreased mainly due to the fair value decline in the loan to Mozambique rail & port infrastructure business. The loss related to the fair value decline were included in “Other income (expense) ―net” in the Condensed Consolidated Statements of Income. The balance at beginning of period of the loan measured at FVTPL was ¥22,415 million and the balance of period of it was ¥22,851 million for the nine-month period ended December 31, 2019.

The reconciliation of financial assets measured at FVTPL for the nine-month period ended December 31, 2020 and 2019 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2020	**Nine-month period ended December 31, 2019**
Balance at beginning of period	¥ 115,940	¥ 111,504
Gains (losses)	13,653	(4,338)
Purchases	11,508	18,344
Sales	(14,383)	(8,268)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note1)	(569)	-
Others (Note2)	(1,725)	(3,723)
Balance at end of period	¥ 124,424	¥ 113,519
Net change in unrealized gains (losses) still held at end of period	¥ 13,108	¥ (4,554)

Note1: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.
Note2: "Others" includes the effect of changes 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".

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The reconciliation of financial assets measured at FVTOCI for the nine-month period ended December 31, 2020 and 2019 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2020	**Nine-month period ended December 31, 2019**
Balance at beginning of period	¥ 671,358	¥ 762,857
Other comprehensive income (Note1)	(37,210)	(19,900)
Purchases	8,076	16,386
Sales	(3,472)	(9,270)
Transfers into Level 3	-	-
Transfers out of Level 3 (Note2)	-	(2,175)
Others (Note3)	10,967	(3,182)
Balance at end of period	¥ 649,719	¥ 744,716

Note1: "Other comprehensive income" for the nine-month period ended December 31, 2020 decreased mainly due to the fair value decline in investment in LNG project reflecting the drop in oil prices and the effect of change in foreign exchange rates, while the fair value in investment in the mineral & metal resources projects increased mainly due to the rise in iron ore prices. "Other comprehensive income" for the nine-month period ended December 31, 2019 decreased mainly due to the fair value decline in investments in LNG projects reflecting the drop in oil prices and the effect of change in foreign exchange rates.
Note2: "Transfers out of Level 3" is due to the transfer into Level 1 as the initial public offering of the shares.
Note3: "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 adjustmnet" in Condensed Consolidated Statements of Comprehensive Income.

Quantitative information about level 3 fair value measurements

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

December 31, 2020	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	5.0% ~ 12.9%

March 31, 2020	Valuation Technique	Principal Unobservable Input	Range
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 has revised its forecasts of a range of Brent Crude pirce to US$50/bbl - US$70/bbl, considering the recent market price, and based on the fact that several third parties have lowered their mid-long term oil price 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 December 31, 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.

	Millions of Yen			
	December 31, 2020		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 42,496	¥ 43,401	¥ 37,105	¥ 37,553
Non-current receivables				
Trade and other receivables and Other financial assets (*) ……………………	437,773	437,773	608,433	608,433
Non-current liabilities				
Long-term debts, less current portion and Other financial liabilities (*) ……………	¥ 4,194,875	¥ 4,253,640	¥ 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 nine-month period ended December 31, 2020, 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 nine-month period ended December 31, 2020.

15. THE FIRE INCIDENT OF INTERCONTINENTIAL TERMINALS COMPANY LLC

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

The profit and loss related to this incident recognized in the nine-month period ended December 31, 2020 and 2019, and the outstanding balance of related provision as of December 31, 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. RECOGNITION OF DEFERRED TAX ASSETS IN THE U.S. ENERGY SUBSIDIARIES

The Company transferred and reorganized investment subsidiaries in U.S. oil and gas project business to MBK Energy Holdings USA Inc. ("MEH") on November 30, 2020 for the centralization of management of the oil and gas projects in the U.S. Due to this reorganization, the Company recognized deferred tax assets mainly relating to tax losses in MEH's subsidiaries to be realized against future taxable income generated primarily from long-term service agreements of U.S. LNG project, and gain of ¥ 39,030 million has been recognized in "Income Taxes" on the Condensed Consolidated Statement of Income for the nine-month period ended December 31, 2020.

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 February 12, 2021.